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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,690

Thursday August 1 1985

How currency options  
boost companies'  
flexibility, Page 12

World news Business summary

## Uganda convoy heads for Kenya

An evacuation of expatriates from Uganda began as 300 vehicles carrying an estimated 300 people headed for the Kenyan border following last Saturday's military coup.

The departure was organised by Peter Penfold, the acting British High Commissioner, who has been negotiating with Ugandan army of forces since the takeover.

Meanwhile, the new regime named Paulo Mwangi, the former vice President in Milton Obote's United Government as the country's new prime minister. Page 3

## Indian MP killed

Two youths shot and killed Lalit Mohan, an Indian trade union leader, in Delhi. Premier Rajiv Gandhi described the 34-year old MP as one of the country's most promising and dynamic politicians. Page 3

## Christians in talks

Christian leaders of rival groups in Lebanon met for talks in moves apparently aimed at isolating President Amin Gemayel. Page 3

## Suicide attack

A boy aged 13 was thought to have been the driver of a suicide car-bomb which killed a civilian and wounded two Israeli soldiers in southern Lebanon. Page 3

## U.S. foreign aid

The U.S. House of Representatives approved a \$12.7bn compromise foreign aid bill for 1986 that opens the door to new or revised U.S. military involvement in Nicaragua, Kampuchea and Angola. Page 4

## Grape juice alert

Austrian health inspectors found a toxic chemical used in anti-freeze in locally produced grape juice. A warning was issued not to drink the brand of juice produced in the province of Lower Austria. Page 4

## Thatcher reshuffle

The reshuffle in the British cabinet may be more extensive than originally thought likely, with two or three senior ministers facing demotion. Page 6

## BBC strike

BBC television journalists in Britain voted to strike in protest against the corporation's decision not to show the documentary featuring the suspected IRA leader, Martin McGuinness. Page 6

## New TV for France

The French Government will finance a new cultural television channel and has given further details about the creation of two commercial nationwide channels. Page 2

## Korean arrest

South Korea's leading dissident politician, Kim Dae-jung, was again put under house arrest. Page 3

## Bulgarian executed

Bulgaria executed a man for sabotage at an international ski resort in the first such case since 1944. The laws were passed last May, according to the government newspaper. Page 3

## Dentists fill pockets

Austrian authorities are trying to track down dentists who are returning to Austria in return for hard currency. The government is considering foreign exchange rules to tax dentists. Page 3

## Storm over weather

National weather service in Britain is under investigation for failing to predict a storm which swept through the British Isles last week. Page 3

## Eastman Kodak profits fall 28%

EASTMAN KODAK, the world's largest photographic products group, reported a 28.3 per cent drop in net second-quarter profits to \$104.3m or 72 cents a share. Sales slipped 4.7 per cent to \$2.48bn. Half-year net fell 27.8 per cent to \$278.5m or \$1.22 a share on sales 2.4 per cent down at \$4.58bn.

COLGATE-PALMOLIVE, the U.S. household and personal care products group, plans a major corporate restructuring scheme which may generate \$200m from the sale of assets. The company will also repurchase 18 per cent of outstanding shares at the cost of \$442.5m. Page 14

DOLLAR finished weaker in London, falling to DM 2.8055 (DM 2.8177, FFR 8.58 (FFR 8.57) and Y236.85 (Y237.3) but improving slightly to SwFr 2.298 (SwFr 2.2955). On Bank of England figures the dollar's index fell to 130.5 from 130.6. Page 29

STERLING fell in London, losing 1.45 cents against the dollar to \$1.4085. It was also lower at DM 3.955 (DM 4.0), FFR 12.0575 (FFR 12.175), SwFr 3.245 (SwFr 3.2575) and Y333.5 (Y338.75). The pound's exchange rate index fell 0.9 to 83.5. Page 29

GOLD fell 50 cents on the London market to \$325.25 but was higher in Zurich at \$326.25. Page 29

In New York, the Comex August settlement was \$327.10.

WALL STREET: The Dow Jones industrial average closed 135 up at 1,247.45. Page 36

LONDON equities finished with strong gains. The FT Ordinary index rose 7.1 to 943.1. Gilt was mixed. Page 36

TOKYO shares fell further ground as the Nikkei Dow market average dropped 57.62 to 12,232.27. Page 36

BELGIUM bank rate rises by 1/2 percentage point to 10 per cent on today.

EEC Commission fined Britain £8m (\$8.8m) for offences under Community milk pricing rules in 1980-81. Similar sums could be due for the three following years when a two-tier price policy, deemed to discriminate against milk imports, was in force. Page 14

AMERICAN MOTORS, the fourth largest U.S. carmaker which is 48 per cent owned by Renault, the state-owned French motor group, posted a \$70.4m second-quarter net loss against a \$4.7m profit previously. Page 15

RENAULT, state-owned French motor group, has provoked strong trade union criticism with a plan to sell off its loss-making Micro-Gitane bicycle subsidiary as part of a drive to diversify its peripheral divisions. Page 15

IBM has won access to Japan's state-owned patents covering computers and other high technology information systems. Page 4

SWEDEN ran up a heavy deficit of SKr 12.5bn (\$1.51bn) on the current account of the balance of payments in the first five months of this year. Page 2

COMPAGNIE FINANCIERE DE SUEZ, French financial and industrial holding company, agreed to buy from the Government 3.75 per cent of the capital of Roussel-Uclaf, the pharmaceutical group. Page 15

BIDERMANN, France's fourth-largest clothing group, is raising FFR 150m (\$17m) through an issue of new shares and convertible bonds, designed as a prelude to an eventual entry on the stock market. Page 15

BETHLEHEM STEEL, the third largest U.S. steel producer, returned to profit in its second quarter, earning \$20.4m against a \$62.1m loss in the first quarter. Page 15

## Rand plunges 10% amid fears of new currency controls

BY JIM JONES IN JOHANNESBURG

THE South African rand plunged more than 10 per cent in furious trading yesterday influenced by rumours - later denied - that Chase Manhattan, the New York banking group, was to sever its ties with the country.

The rand fell to 43.5 U.S. cents from an overnight 48.5 cents. It recovered in subsequent trading to close at 45.5 cents. Foreign exchange dealers believed the improvement was due largely to technical factors and said the rand could fall further this week.

Earlier in the day Mr Simon Steward, the chief executive of Chase's Johannesburg representative office, refused to comment on the rumours. A spokesman for the New York office later firmly denied suggestions that any change in the bank's South African role was planned.

The response of the foreign exchange markets to the rumour underlines the nervousness which surrounds the embattled South African currency.

Trading in Johannesburg early yesterday was also affected by a scramble for dollars which was prompted by fears that the authorities might reintroduce the financial rand in parallel with the commercial rand as an effort to stem the

outflow of investment capital from the country.

Gold and other mining stocks finished stronger but below their highs in moderate Johannesburg trading that reflected the sharp rise in the bullion price in local currency terms.

Local investors were encouraged into the market by the weakness of the rand while foreign selling, which dominated the market in recent days was inhibited by the sharp slide in the South African currency to a six-month low against the dollar.

Profit-taking developed late in the session to trim the early rises, and the industrial sector closed mixed with an easier bias.

The financial rand, through which non-residents traded in South African investments, was introduced in 1980 after the Sharpeville riots to stem just such an outflow of funds as is now taking place. It provided foreign investors with a discount on the rand which also made yields more attractive.

It was scrapped in February 1983 and a unitary rand re-established as part of the country's shift towards financial deregulation. Many Johannesburg stockbrokers and finance managers believe considerable pressure is growing for the au-

thorities to reimpose direct foreign exchange and economic controls.

It is argued that the current rising trend in interest rates could accelerate if South Africa had difficulty in rolling over foreign borrowings, and this would precipitate a rash of bankruptcies of private sector businesses, whose cash flows have been squeezed by the combination of recession and high interest rates.

The reintroduction of controls would reverse the trend towards deregulation and would be widely seen as an admission by the South African authorities of an inability to manage the country's economy and end the current turmoil.

On the other hand, some economists say controls could be used to stimulate the economy and turn funds which would be effectively trapped towards projects which would reduce black unemployment.

The wide powers which the Government assumed under the state of emergency appear to be failing to end the turmoil in the country.

The Government yesterday placed limits on the number of people allowed to attend outdoor funerals.

Continued on Page 14

## Soviet-U.S. talks lay foundation for summit

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN HELSINKI

MR GEORGE SHULTZ, the U.S. Secretary of State, and Mr Edward Shevardnadze, the Soviet Foreign Minister, yesterday set the stage for the scheduled summit meeting in Geneva in November with a three-hour meeting, described as "productive" by both sides.

The meeting was the first between the two foreign ministers since Mr Shevardnadze's appointment to his post in succession to Mr Andrei Gromyko a month ago. It took place on the margin of the conference celebrating the 10th anniversary of the signature by 35 countries of the Helsinki Agreement on Security and Co-operation in Europe.

Senior U.S. officials said the two ministers had agreed on a number of objectives to describe the outcome of their meeting, ranging from "interesting and useful" to "frank, businesslike and productive."

After the discussions, Mr Shultz said that, while "very great differences" remained between the two sides, the meeting had been a good first step in the preparations, for what both governments hoped would be "a genuine, productive summit."

As far as his personal relationship with Mr Shevardnadze was concerned, Mr Shultz said "we should have an easy ability in talking with each other in a direct and useful way."

Mr Anatoly Dobrynin, the Soviet ambassador to the U.S., said at a press conference that a minimum agenda for the summit meeting had been agreed. This covered international security issues, including the nuclear arms controls negotiations in Geneva; the Stockholm and Vienna disarmament talks; regional problems and conflicts and bilateral issues. Agreement on this agenda was not confirmed by U.S. officials,

and it was clear that Washington would also want to include human rights issues in the agenda.

Mr Dobrynin said he expected that the summit would prove to be "a fairly complex" affair for no other reason than that U.S.-Soviet relations over the past year had been tense and that a considerable part of the fabric of detente established over the last years had been destroyed.

The ambassador stressed, however, that Moscow wanted to achieve "maximum progress" at the summit, and hoped the meeting would be "crowned with serious results," which would give a new impetus to U.S.-Soviet relations.

A declaration issued by the Soviet spokesman made it clear that, while the talks had taken place in a reasonably good atmosphere, nei-

Continued on Page 14

## Western banks review strategy on Third World debtor nations

BY HUGH O'SHAUGHNESSY IN LONDON

STRATEGIES to be adopted by Western banks towards their increasingly hard-pressed debtors in Latin America and other developing regions will be reviewed at a two-day meeting in Paris which starts today.

Banque Nationale de Paris and Credit Lyonnais are hosts on behalf of the group of 14 commercial banks. This group comprises large institutions which themselves chair steering committees of the creditor banks of various developing countries.

The meeting will be addressed by Mr Ernest Stern, senior vice-president for operations of the World Bank, and Mr Richard Erb, deputy managing director of the International Monetary Fund (IMF). The bank and the IMF are attending the meeting as guests.

The group of 14 meets periodically to discuss the situation of the Third World debtors. The organisers of the meeting are stressing

privately that the gathering in Paris has no direct relation to the announcement by President Alan Garcia of Peru on Sunday that he was going to limit his country's expenditure on servicing the foreign debt to no more than 10 per cent of Peru's export earnings. The date and venue was fixed before President Garcia's announcement.

At the same time, the increasing financial difficulties of Peru and other Latin American borrowers, who together have debts to the West of about \$370bn, will be high on the agenda at the meeting.

As always, the proceedings are surrounded by strict confidentiality, and neither of the French banks was prepared to comment on them yesterday.

Sr Antonio Ortiz Mena, the president of the Inter-American Development Bank, said in Montevideo last week that Latin America was undergoing the worst recession since the 1930s and unemployment

was reaching a level where it threatened to become socially and politically unmanageable.

The Cartagena group of Latin American debtor governments meeting in Lima this week is expected to call for a new round of talks with political leaders of the creditor countries and agreement on easier payment terms for the region's foreign debt. Such terms should allow for some expansion in Latin America's economies. President Julio Sanguinetti of Uruguay said in Quito, the Ecuadorian capital, on Tuesday: "The dilemma is not to pay or not to pay. Rather we must develop in order to pay."

Despite urgent Latin American demands for easier debt payment terms, the radical call by President Fidel Castro of Cuba for a total repudiation of Latin America's debt to its creditors has been virtually ignored.

Peru gives priority to new lenders, Page 4

## Digital plans £82m chip plant in Scotland

By Guy de Jonquieres in London

DIGITAL Equipment of the U.S., the world's second largest computer manufacturer, plans to invest more than £82m (\$118m) in Scotland during the next three years to build an advanced microchip production plant at South Queensferry, near Edinburgh.

The project, the first of its kind undertaken by Digital outside the U.S., will more than double the value of the company's investments in Britain. It is expected to create about 400 jobs, many for graduates, in addition to the 4,000 already employed by Digital in Britain.

The planned investment was warmly welcomed by Mr Norman Tebbit, Secretary of State for Trade and Industry, and by Mr George Younger, Secretary of State for Scotland. The project will receive an undisclosed amount of British Government support.

The plant, which will make a range of specialised microchips of Digital's own design, will handle the entire production process, starting with raw silicon. Most of its output will go to an existing Digital factory at Ayr, also in Scotland, to be assembled and tested.

Some of the chips will be used in powerful minicomputers made at Ayr and the rest exported to other Digital plants worldwide. Digital does not sell components on the open market, where many other semiconductor makers have been hit by a steep fall in demand in recent months.

Digital says it will be the first computer manufacturer in Scotland with integrated production capacity extending from microchips to complete machines and the only large company in the industry to have such facilities in the UK. At present Digital imports many of the chips it needs.

Construction of the 200,000 sq. ft. plant will start next year on an 88-acre site, at Braid, near South Queensferry. It is due to come on stream early in 1988. It will use an advanced process technology, known as Cmos, and will make the chips on discs or "wafers" with a six-inch diameter, the largest size in commercial production.

Digital said the availability of a skilled workforce and the technical and scientific research activities of several nearby universities were major reasons for choosing the site.

Digital had worldwide sales last year of \$3.9bn, making it the second largest computer manufacturer after IBM of the U.S. Its investments in Europe are valued at \$250m and include nine production facilities and several engineering and support centres.

## U.S. leading indicators up 1% in June

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. index of leading economic indicators rose by a sharp 1 per cent in June, fostering hopes of renewed growth in the months ahead. The June increase, the strongest since January's 1.3 per cent, followed a period of three months in which the index had declined or only marginally advanced.

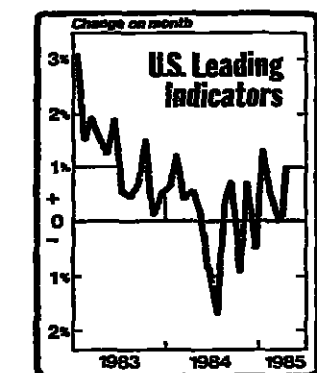
Another healthy sign announced yesterday was a 1.9 per cent increase in U.S. factory orders in June, on top of a strong 2.1 per cent rise in May. Both increases, however, were heavily swollen by defence orders.

The White House quickly welcomed the rise in the index as "boding well for renewed growth and continued expansion in the last half of 1985."

Mr Malcolm Baldrige, the Commerce Secretary, noted that the index, designed to foreshadow economic developments in the weeks and months ahead, had recorded a net gain of 2.7 per cent in the first six months of the year - against a decline of 1.8 per cent in the second half of 1984.

The improved figures were "consistent with projections of stepped-up economic growth" in the second half of this year, Mr Baldrige said. He conceded, however, that the index would need to perform even more strongly if the Administration were to meet its growth targets.

The Administration's revised



forecast of 3 per cent growth for 1985 as a whole, issued earlier this week, implies an annual growth rate over 5 per cent in the second six months. Most private analysts, and even some government economists, believe that to be over-optimistic.

Both Mr Baldrige and the White House said that growth would be stronger if a quick solution could be found to the congressional impasse over attempts to reduce the budget deficit. Negotiators were meeting again yesterday on Capitol Hill to see whether some form of compromise could be agreed before the month-long summer recess begins tomorrow.

Continued on Page 14

## UK to offer flexible terms to exporters

BY JOHN LLOYD AND PETER RIDDELL IN LONDON

THE BRITISH Government will be more flexible in future in offering assistance terms to exporters, but does not intend publicly to signal a change of policy, Mr Norman Tebbit, the Trade and Industry Secretary, indicated yesterday in an interview with the Financial Times.

Mr Tebbit said that, after Britain's current review of export support, he did not want suddenly to announce to the world that the UK is in the soft-loan game because it would just not be like that.

The key, he said, would be that when Britain was looking for business, particularly in relation to the aid and trade programme and bilateral aid, the Government "would be more flexible in future in offering aid in the form people like it rather than in the form it should be pre-ordained that they should have it."

He admitted to mistakes on the Government's side over the loss of the Bosphorus Bridge contract in Turkey, won by a Japanese consortium able to offer better aid terms. In future, the response rate should be improved, with fewer disputes, particularly with the Treasury and the Department of Trade and Industry.

Mr Tebbit stressed his attachment to free trade and to an end to regulations in Europe. He criticised the liberalisation package put forward earlier this year by Lord Cockfield, the EEC Internal Market Commissioner, for not paying "sufficient attention to the problem of getting a common market without state aids."

He said he wanted to see tighter regulation of state aids by the Commission.

Interview, Page 13

## VAT CHANGES

From 25th July 1985 there are important changes.

### VAT RECORDS

VAT records and accounts must be kept for six years not three. This change applies to records of all transactions since August 1982.

If you fail to keep and produce VAT records you will now incur financial penalties.

### REGISTERING FOR VAT

If you fail to apply for registration at the proper time you will be liable to a financial penalty. The registration turnover limits are currently £19,500 a year or £6,500 in any one quarter. Details of the registration requirements, including the time limits for applying, are explained in the leaflet Should I be registered for VAT? - available from local VAT offices.

### OTHER CHANGES

Other important changes affect:

- assessments
- appeals to VAT tribunals
- financial penalties for all VAT offences
- investigation of serious fraud.

### FURTHER INFORMATION

Details of these changes are in a leaflet VAT: Important changes. Copies of this leaflet will be sent to all VAT registered businesses with their next VAT return. The leaflet is also available, with help if you need it, from local VAT offices. Addresses are in the phone book under "Customs and Excise."



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## EUROPEAN NEWS

## CHANGES IN CABINET ANNOUNCED

## Craxi calls for confidence vote in coalition

BY ALAN FRIEDMAN IN MILAN

SIG BETTINO CRAXI, Italy's Socialist Prime Minister, yesterday called in Parliament, for a vote of confidence to approve his five party coalition's mandate.

The Senate is expected to vote today and the Chamber of Deputies tomorrow evening. The Government is likely to win both as it has comfortable majorities. The call for a confidence vote was expected, and followed discussions among the leaders of the coalition parties: the Christian Democrats, Socialists, Republicans, Liberals and Social Democrats.

Sig Craxi also announced two

minor cabinet changes yesterday. Sig Valerio Zanone, who recently resigned after nine years as leader of the Liberal Party, is to replace Sig Alfredo Blondi, his successor as party leader, as Ecology Minister. Sig Francesco Forte, the Socialist Minister in charge of European Community affairs, is to step down to devote himself to a new commission on hunger in the Third World. His post will be taken by a fellow Socialist, Sig Loris Fortuna.

Addressing the Senate yesterday, Sig Craxi said that achieving a 5 per cent inflation rate by the end of next year would be "difficult, but not impos-

sible." Implicit in his speech was his well known desire to continue as Prime Minister for the next three years. Next week he completes two years in office and by October will become the longest serving Prime Minister in post-war Italian history.

Commenting on the recent 8 per cent devaluation of the lira, Sig Craxi said the move should help Italy narrow its serious trade deficit by giving a boost to exports. He added, however, that he was unsatisfied by the explanations of the Bank of Italy and ENI, the state energy group, for the currency chaos on July 19 which preceded the devaluation. It was ENI's pur-

chase of \$120m. in defiance of a central bank request to abandon the operation, which contributed to the lira's crash by 20 per cent against the dollar and the subsequent halting of foreign exchange trading by the Italian Treasury.

The parliamentary votes of confidence will bring the current session to a close. In September, the Government will present its new budget, which it says will contain important spending cuts and revenue generating measures to counter Italy's runaway public sector budget deficit, which this year could reach more than L1,000,000bn (£37bn), or 13.5 per

cent of the nation's gross domestic product.

● The Italian Communist Party has given tentative approval to a policy of selective support for the development of nuclear power stations. This reversal in the party's policy was the result of a compromise between party moderates and Sig Alessandro Natta, the party secretary, who had opposed any change.

The more conciliatory tone is seen in Italy as evidence that the Communist party, which suffered significant setbacks in elections in recent months, is moving to adopt more moderate positions.

## UK rejects Soviet offer to halt N-tests

By Robert Mauthner, Diplomatic Correspondent, in Helsinki

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday rejected the Soviet proposal for a moratorium on nuclear tests.

"Limited, unilateral gestures of this kind are no substitute for serious long-term proposals," Sir Geoffrey told the 35-nation conference celebrating the 10th anniversary of the signature of the Helsinki Agreement on security and co-operation in Europe.

Such gestures could be no substitute for a genuine and durable framework for arms control, providing for effective verification procedures, Sir Geoffrey said. "Some nations still attach more importance to public announcements designed for propaganda effect than to serious efforts to reach agreement."

He also followed the general Western line put yesterday with unusual vigour by Mr George Shultz, the U.S. Secretary of State, and the Soviet Union and its East European allies for failing to implement the human rights provisions of the Helsinki Agreement.

Security could not be divorced from the political, economic and human aspects of relations between states, he said. The great virtue of the Helsinki Agreement was that it had brought individual human beings into the picture.

It had emphasised their right to travel abroad, their right to be reunited with their families and their right to personal freedom. While contacts between people would not of themselves ensure peace or arms control agreements, closer and better international relations could never be complete or endure without such contacts. The trade was that, in some Eastern European states, there had been no effective movement at all on human rights.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, also underlined the importance of respecting the human rights provisions of the Agreement as a means of building confidence between East and West.

He supported a proposal by Mr Roland Dumas, the French Foreign Minister, that a special conference should be called on the re-implementation of the Helsinki Agreement, the right of any person to leave his own country.

## French public funds to finance cultural TV

BY DAVID MARSH IN PARIS

THE FRENCH Government yesterday announced the freeing of FFf 700m (£57m) of public funds to finance a cultural television channel to be carried on one of the channels of France's TDF-1 direct television satellite due to be launched next July.

The announcement was accompanied by more detailed plans for two commercial nationwide over-the-air television channels to start up next year and around 40 local TV stations.

The projects are in line with President Francois Mitterrand's promise to deregulate France's traditionally tightly-controlled television industry. They will give viewers in some areas next year the choice of three or four channels in addition to the two state channels and the pay-TV network Canal Plus started last November.

Yesterday's decisions, taken at the weekly cabinet meeting after several weeks of complex discussions, still leave uncertain the identity and financial backing of the private groups which will be running the commercial networks next year.

The government has also to decide which French and European groups will be responsible for running and placing programmes on TDF-1. This will be the continent's first direct broadcast satellite and will cover most of Western Europe.

The cultural channel will be along the lines recommended by M Pierre Desgraupes, former head of France's Antenne 2 state television chain. His report three weeks ago proposed that

it should be oriented towards films, theatre, music and variety with a strong appeal for European audiences.

Development will be financed by reducing the 18.6 per cent value added tax levied on TV licences to 7 per cent. This will increase television companies' revenues by FFf 700m next year.

Programmes will be transmitted from next January on the FR-3 regional network, which at present broadcasts only in the evenings. This will give viewers an initial taste of the new programmes before TDF-1 becomes operational towards the end of next year.

M Georges Fillioud, the Communications Minister, said yesterday that a decision had not yet been made on which broadcasting interests will run the two nationwide commercial channels.

The first channel, which will lean towards music and above all young people, has attracted bids from a group of companies including Europe 1, Publicis and Gaumont. The second channel, offering general information and entertainment, may be put together by Radio Tele Luxembourg, the TV offshoot of the Compagnie Luxembourgeoise de Diffusion, together with Tele Monte Carlo.

## Chirac's claim stirs up storm over Guadeloupe

BY DAVID MARSH IN PARIS

M JACQUES CHIRAC, Mayor of Paris and leader of France's RPR neo-Gaullist opposition party, has drawn an angry government response to his claim that France was being held to ransom by independence-seeking "agitators" in Guadeloupe.

In an attempt to make political capital out of the current unrest in France's Caribbean island territory, M Chirac said that the latest events had underlined the Socialist Government's "contempt" for democratic principles.

His statement followed a decision on Monday by the Guadeloupe appeal court to release from prison M Georges Faisans, a prominent member of the island's independence movement. The release, which had been called for by all parts of the island's community, led to lower tensions after several

days of clashes, has succeeded this week in bringing life in Guadeloupe back to normal.

Mme Georgina Dufour, the Social Affairs Minister and government spokesman, said yesterday that M Chirac had "exceeded his limits" by making remarks "unworthy of someone who aspires to high office."

Behind the political side-swiping lies the conviction on both sides that the independence struggles in Guadeloupe and New Caledonia will become increasingly important issues as next March's general election approaches.

Although Guadeloupe was reported calm yesterday, isolated incidents continued in New Caledonia at the mining complex of Thio after police operations on Wednesday morning to remove barricades set up by separatists.

## Spain's employers threaten to quit economic pact

BY DAVID WHITE IN MADRID

CONSENSUS arrangements between the Spanish Government, employers and the Socialist UGT trade union are in danger of breaking down following a surprise ultimatum from the employers.

At a tripartite commission meeting, the CEOE employers' federation accused the Government of not fulfilling its part of the bargain under a two-year economic and social pact signed last October.

The move provoked a sharp reaction from the other partners. Sr Joaquin Almunia, Labour Minister, charged the employers with a "flagrant breach of the rules of the game," and denied that the CEOE had sufficiently well-founded reasons for abandoning the agreement.

UGT representatives accused the employers of acting out of "political and electoral motives" ahead of the general election due next year.

The employers' grudge centres principally on the lack of three-way consultation on reform of the social security system—an issue which has created difficulties between the Government and the UGT—and on the so

far unfulfilled promise to adapt dismissal rules to EEC norms.

The Government's promise to change legislation on dismissals, which was a notorious discussion point at the start of the pact, was one of the main concessions won by the employers in negotiating the agreement.

The CEOE also complains that the Government has unilaterally altered the economic policy aims laid down in the preamble to the agreement. These set targets for economic growth of 3 per cent this year and 3.5 per cent in 1986, and for an inflation rate of 7 per cent and 6 per cent. This year's objectives have since been revised to 1.9 per cent growth and 7.9 per cent inflation.

The tripartite pact, reached in the absence of the UGT's rival union, the Communist-led Workers' Commissions, included commitments to encourage public spending, youth and part-time employment, training and the setting up of a solidarity fund for jobs, as well as a union-employer agreement on wage bands for this year and next.

Consumer prices dropped last month by 0.2 per cent, the first monthly fall for nine years, according to provisional official figures. They brought the rise over the past 12 months to 8.9 per cent, reducing the differential between Spain's prices and the average in the EEC to about 3 points.

## Swedish current account in big deficit

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN RAN up a heavy deficit of SKr 12.5bn (£1,060m) on the current account of the balance of payments in the first five months of the year according to figures released by the central bank.

The deficit compares with a surplus of SKr 3.5bn in the corresponding period of last year and marks a sharp deterioration in Sweden's external payments position this year. In April the Government said it expected a current account deficit of only SKr 3.1bn for the whole of 1985.

Sweden's trading performance in May was confused by an 18-day public sector strike which reduced the flow of Swedish foreign trade to a trickle with the halting of traffic through both ports and airports.

At the same time, however, imports have risen sharply during the first five months sucked in both by a consumer-spending boom and by higher industrial investment. In the first five months of the year Sweden achieved a trade surplus of only SKr 2.9bn compared with a surplus of SKr 13.1bn a year earlier.

To ease the pressure on capital flows out of the country—caused chiefly by the deteriorating current account, Sweden has been forced to keep interest rates at a high level to attract private capital.

Despite some easing in rates during recent weeks there is still a large gap of 7-8 points between Swedish and Euro-dollar interest rates.

The outflow of capital was reversed in mid-June by a drastic raising of official interest rates, but in the first six months of the year there was still a capital outflow from Sweden totalling SKr 6.6bn, compared with an outflow of SKr 1.8bn in the first half of 1984.

The authorities are hoping that the trade balance will strengthen during the second half of 1985 and the first signs of an improvement emerged in June, when the preliminary trade figures showed a surplus of SKr 3.2bn compared with a surplus of SKr 2.2bn in June last year.

## Patrick Cockburn visits the bustling capital of Kazakhstan Brezhnev's old Alma-Ata prospers

ACROSS the vast gorge which leads down from the mountains to Alma-Ata, the capital of the Soviet republic of Kazakhstan, a dam has been built to stop avalanches sweeping down on the city when the summer sun melts the glaciers.

The earth and concrete barrier built in the late 1960s protects the city of 1m people immediately below the Tien Shan mountains from sudden inundation. Guides show photographs of Alma-Ata the last time it was devastated by an avalanche of water, mud and boulders torn from the mountainside.

Today the city looks prosperous, its streets lined with Lombardy poplars and elms. Tall modern buildings rise around Leonid Brezhnev Square, commemorating the time when the former Soviet leader for 18 years was the Communist Party chief in Kazakhstan in charge of Nikita Khrushchev's campaign to plough the "virgin lands."

Alma-Ata, like the rest of Kazakhstan, has benefited from heavy investment in the development of its natural resources and from its former association with Mr Brezhnev.

The present Communist Party chief for Kazakhstan is Mr Dinmukhammed Kunaev, 73, who has held the job since 1964 and was a close Brezhnev supporter. He was in a strong position to secure his own future in Kazakhstan, but given his age, past associations and the new leadership in Moscow, Mr Kunaev's authority now looks less secure.

A number of senior party leaders from Kazakhstan have recently been dismissed and there is persistent Press criticism of the way in which the republic is run. Despite this, the state shops



In Alma-Ata look well stocked with clothes compared with cities further north. The peasant free market, filled with fruit and vegetables in the summer, has cheaper prices than Moscow.

But most of the people buying water melons and vegetables in the market are of distinctly Russian rather than Central Asian appearance. Here in the capital, and to a lesser degree in the rest of Kazakhstan, Russians are the largest of the 100 nationalities who live in the vast republic. Kazakhstan is four times the size of Texas and stretches from the Caspian Sea to the Chinese border.

Russians now make up 41 per cent of the republic's 15m population: Kazakhs, the titular nationality, make up only 36 per cent. Other national groups include Koreans (deported from Sakhalin Island near Japan after the Second World War), Germans who came as settlers at the turn of the century or who were deported from the Volga region by Stalin, and

Central Asians descended from the nomads who once grazed their flocks across the plains. Some of Kazakhstan's inhabitants were given no say in their choice of residence, but most were drawn by the opportunity to exploit the resources of the country.

Russian settlers from the other side of the Ural mountains have been attracted by the unploughed grasslands since serfdom ended in the last century. After the 1917 revolution, the Soviet Government began to develop the republic's natural wealth: agricultural land and in the north, coal in the centre and oil in the west close to the Caspian Sea.

None of the new Kremlin leaders have any experience of Kazakhstan and they are unlikely to pour investment into the republic but the old industrial base, once crucial to the Soviet war effort, will presumably be improved and the political leadership which has run the country since the mid-1950s be replaced.

## Political era ends for Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND saw the end of an era yesterday when 400 deputies, most of whom were elected in 1980 under Mr Edward Giersek's Government, sat through the last session of the Parliament before forthcoming national elections in October.

Until yesterday the parliament still contained members of the Giersek Government—men long ousted from power like Mr Mieczyslaw Jagielski who signed the Gdansk agreement which gave rights to Solidarity or Mr Stanislaw Kania who headed the party after Mr Giersek until he was also replaced in the autumn of 1981.

One experienced deputy noted yesterday that even though the chamber had been hand-picked to ensure it would stick to Government instructions during the Solidarity heyday in 1981, it had played a semi-independent role as mediator between the Government and the now banned trade union.

After martial law the freedom of manoeuvre for the deputies, especially in the private committee stages of various laws, became more and more limited. By 1984 the chamber had returned to its traditional compliant model. However, one of the remain-

ing group of rebels Ms Maria Budzanowska yesterday spoke for an urgent reform of the central administration. She warned that this was essential if plans to decentralise the economy were to work.

The parliament discussed the state of the country's economic reform and passed a Bill setting out the rights and duties of the country's police. The Bill gives members of the service pension rights after 15 years.

● Customs dues on privately imported cars are to go up in the middle of August by up to 100 per cent to get Poles to buy vehicles from domestic hard currency agents.

## Brussels approves steel aids

By two Dawray in Brussels

THE European Commission yesterday gave the go-ahead to member states for a final Ecu 4.7bn (£2.6bn) tranche of operating aids for restructuring their steel industries.

Such financial support was meant to come to an end last year, but industry ministers agreed in March to extend the deadline to December 31 on condition that real capacity cuts are achieved.

Yesterday's announcement is conditional on a further 2m tonne reduction in total steel capacity, making 32m tonnes cut since 1980.

The new financing is in addition to the national aid plans authorised in June 1983 and are subject to several conditions. The payments will only be allowed where they will reduce financial charges for enterprises to a maximum of 4 per cent of their sales. This, in effect, represents the commission definition of viability.

They are also required to cover only costs arising from additional cuts in capacity and not the cost of the end of the year. The Commission accepts, however, that some new plant closures financed by the initial fund will take place during 1986.

● Moves to re-establish relations between the EEC and Comecon, the Soviet bloc trade organisation, resumed this week. Mr Willy de Clercq, the External Relations Commissioner, has responded to a letter from the Comecon secretary with a request for further details on its proposals for a new general declaration on trading links.

## Union Carbide attacked in Bhopal report

By Our Brussels Staff

FAILURE TO observe safety procedures despite repeated warnings from workers lay behind the disaster at the Union Carbide plant in Bhopal, India, in which more than 1,700 people died, according to a report published yesterday.

The report, conducted by the International Confederation of Free Trades Unions and the International Federation of Chemical Workers, claimed the company had ignored safety standards repeatedly for four years before the explosion.

Despite the anxiety of staff, a company investigation two years before the tragedy failed to call for immediate measures to put right safety faults, the report says.

Presenting the findings yesterday, Mr John Vanderveken of the ICFW, said that prompt international action must be taken to establish standard procedures to avert similar accidents with highly dangerous chemicals.

There must be international standards, not special measures for developing countries and others for the industrialised," he said.

Among the recommendations made in the report are demands for strict health and safety standards including commonly agreed rules on the siting and design of new plant and processes and the compulsory of companies to fully inform workers on the hazards and behavioural properties of chemicals.

## Hungarian dentists drill way to prosperity

BY LESLIE COLT IN BERLIN

THE HUNGARIAN authorities are considering how to crack down on dentists in the west of the country who are drilling their way to prosperity by treating Austrian patients privately for hard currency. The dentists are said to be violating Hungary's foreign exchange laws and are not paying taxes on the Austrian schillings they earn.

Most of the nearly 2m Austrians who enter Hungary annually are day visitors who through border towns such as Sopron in search of bargains.

One of these is dental treatment, especially the fitting of dentures by state-employed Hungarian dentists with discreet private practices.

Austrian practitioners on the other side of the border are fighting tooth and nail against the Magyar "discount dentists." In interviews with Austrian newspapers they speak disparagingly of their qualifications and allegedly inferior work.

A Hungarian economics weekly noted that the Treasury is being deprived of income by

the illegal dentistry and that the disclosures are damaging the professional reputation of Hungarian dentists. A number of them provide legal dental treatment to Western patients in Hungarian hotels. Earlier this year a joint Hungarian-Swiss company called Dental-Coop was formed to manufacture dentures in Hungary for patients in Western Europe.

According to official estimates no tax is paid on incomes totalling Forints 100bn (£1.4bn) a year or 20 per cent of total personal incomes.

denists employed by the state medical system are generously "tipped" by patients anxious to receive prompt treatment.

Private entrepreneurs and operators of leased state shops are also widely believed to be evading taxes as in fact are millions of ordinary Hungarians holding down second jobs.

A leading Hungarian cultural publication noted recently that with the rise in Hungary of groups of "over-privileged" and the extremely under-privileged it was difficult to say where the border line was between legality and illegality.

## FINANCIAL TIMES

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New Issues July 31, 1985

## Federal Farm Credit Banks Consolidated Systemwide Bonds

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## Federal Farm Credit Banks Funding Corporation

90 William Street, New York, N.Y. 10038

Peter J. Carney  
President

*This announcement appears as a matter of record only.*



## House arrest reimposed on Kim Dae-jung

**BY STEVEN R. BUTLER IN SEOUL**

our proposals." Yesterday evening, Mr Kim prepared a tape recording of his speech to be played at the party convention today in his absence. The South Korea yesterday responded favourably to North Korea's proposals to form a joint team to participate in the 1988 Olympic Games, which are scheduled to be held in Seoul, and said it was willing to enter into sports talks with the North.

At the same time, it side-stepped the North's main proposal to reach a formal understanding with Pyongyang to co-host the 1992 Olympic Games, noting that the proposal violated the charter of the International Olympic Committee.

**By Chris Shelwell in Manila**

**By Chris Shelwell in Manila**

Questioned about the military's own alleged abuses, he said new procedures had resulted in 399 cases being

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Telex : 8208 BNIBAH BN  
7509 BNIFXM BN

[illegible]



## WORLD TRADE NEWS

## Japan grants IBM access to patents covering computers

BY CARLA RAPOPORT IN TOKYO

IBM has won access to Japan's state-owned patents covering computers and other high technology information systems after years of negotiations with Japanese Government officials. The agreement, expected to be signed next month, will make IBM the first and only non-Japanese company to gain full access to state-owned technology in the field of computers and information systems.

IBM said yesterday that the deal will open the way for licensing the technology covered by more than 400 patents, which include such areas as 3-D integrated circuits, optoelectronic measurement controls and technology developed under Japan's fifth generation computer programme.

In addition to existing patents, the agreement will also cover patents granted over a five-year period starting next year.

IBM Japan executives yesterday said the decision was "welcome." None the less, they pointed out that for years Japanese companies have had access to all their patents developed with government funds. Historically, patents developed by Japanese companies with government funds

or in conjunction with government researchers have become the property of the Japanese Government. As a result, they were not included in cross licensing agreements.

The patent concession for IBM was agreed by the Industrial Science and Technology Agency of the Ministry of International Trade and Industry (MITI), a formal contract is expected to be signed in August. Other companies will have to continue to seek access to state-owned patents on a case-by-case basis.

● NEC of Japan and General Electric of the U.S. yesterday signed a contract to launch a joint-venture which will develop and market value-added network (VAN) services worldwide.

● Japan and China signed a ¥75bn (\$221m) loan for China and a nuclear-power co-operation agreement yesterday at the end of a two-day ministerial meeting. AP reports from Tokyo.

The two agreements were signed by Wu Xueqian, the Chinese Foreign Minister, and Shintaro Abe, his Japanese counterpart, at the final session of the conference, fourth in a series of high-level talks that began in 1980.

## Tokyo trade package wins tentative EEC approval

BY IVO DAWNEY IN BRUSSELS

THE EUROPEAN Commission yesterday gave a tentative "action programme" of measures aimed at liberalising trade access to its market. But it added that a proper assessment of the value of the measures would require careful analysis.

Mr Willy de Clercq, the Trade Commissioner, said the package was evidence of the efforts of Prime Minister Nakasone to bring about a "real liberalisation" of his country's market.

But he also noted that the Japanese leader had undertaken on his recent visit to Brussels to consider the Community's response to the programme after its details had been examined.

The Community would examine the plan prior to the

wide-ranging ministerial meeting between the EEC and Japan scheduled for next October, he said.

● The Commission yesterday adopted proposals on trade preferences for third countries for 1986, taking into account the accession of Spain and Portugal to the EEC on January 1.

The improved offer under the generalised system of preferences (GSP) should lift access by 10 per cent and raise the financial value of the preferences from the Ecu 18bn this year to Ecu 19bn.

Special consideration has been taken in the plans for the interests of the developing countries with improved terms agreed yesterday for Asia and Latin America.

## Britain and Malaysia to increase flights

By Our Aerospace Correspondent

BRITAIN AND Malaysia have agreed on an increase from the present four to five flights weekly each way between the two countries from next July by British Airways and Malaysian Airlines.

The deal follows weeks of talks in London and Kuala Lumpur by officials of the two countries, following the visit by Mrs Thatcher, the British Prime Minister, to South-East Asia earlier this year, during which she agreed in principle that the Malaysia request for extra flights would be allowed.

That pledge, in turn, followed years of unsuccessful efforts by the Malaysian Government to win increased flights, which the UK had resisted because it felt there was insufficient traffic on the route.

The effect of the deal is that the number of passengers each airline will be permitted to carry weekly is 1,550 each way (the equivalent of five Jumbo jet or other wide-bodied aircraft loads) against the present level of 1,240.

## Turkey and Iraq sign oil pipeline deal

TURKEY and Iraq signed an agreement yesterday in Baghdad to build a second pipeline to pump Iraqi crude to Turkey's Yumurtalik terminal on the Mediterranean coast, the semi-official Anatolia news agency said, AP reports from Ankara.

Mr Ahmet Kurbane Alptemiz, Turkish Finance Minister, said that the pipeline would run parallel to one in operation since 1977 and it would be 300 km long with a capacity of 500,000 barrels a day.

Mr Alptemiz said the contract for the pipeline would be awarded in 10 days and that construction would take 18 months.

## McDonnell Douglas launches new airliner

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS of the U.S. is launching a sales campaign for its three-engined long-range airliner, the MD-11, which is to replace the tri-jet DC-10.

Mr James Worsham, president of the Douglas Aircraft Company Division of McDonnell Douglas, said that it sufficient launch orders for the airliner were received by January, 1986, the aircraft would be put into production, with first deliveries in late 1988.

McDonnell Douglas is planning to spend up to \$1bn (£705m) on design, development, tooling, initial production

and support of the new aircraft, which will be sold for \$70m.

Preliminary decisions on the MD-11 have been held with most of the existing 50 airlines using the DC-10.

Potential customers could include Lufthansa and Swissair in Europe, and American, Eastern and Northwest in the U.S.

The MD-11, formerly called the MD-11X during its design stage, will be bigger than the DC-10, seating about 350 passengers against the DC-10's 270. It will also have a longer range, capable of up to 6,900 statute miles non-stop.

The engines will be either the U.S. General Electric CF6-80C2 or the Pratt & Whitney PW-4000, each capable of over 60,000 lbs thrust, making them the most powerful jet engines.

These new engines, together with an improved, two-member crew flight deck, will enable airlines to lower their operating costs, compared with the DC-10, Douglas claims.

The MD-11 is designed to replace the ageing DC-10, which has been in service since the early 1970s, and to ensure that the company can match the competition in the high-payoff, long-range market from

Boeing's 747-Jumbo jet, which is also being steadily improved.

Many airlines have long-range routes world-wide which do not carry enough traffic to require the bigger 747, but are still too busy to permit the use of a smaller, twin-engined long-range aircraft such as the Boeing 767 or Airbus A-310-300.

McDonnell Douglas believes it should be ensured a substantial market because it has sized the MD-11 to meet requirements between the two extremes. It estimates total world-wide demand for the MD-11 could amount to more than 300 aircraft up to the end of the century.

The emergence of the MD-11 may oblige Airbus Industrie of Europe to consider advancing its own plans for a new, long-range airliner, the four-engined TA-11, intended to carry about 250 passengers over distances of more than 6,500 miles.

This project, which has been extensively discussed by Airbus with airlines over recent months, but which has not yet been formally launched, is also designed to fill the gap between the long-range twin-engined aircraft and the big Jumbo jet, and for routes with long distances but low traffic densities.

## Swiss try to protect a vested trade interest



Switzerland has good reason to support a new round of negotiations—not least because it regards as catastrophic a collapse of the multilateral trading system. In this fifth article on Gatt, William Dullforce examines Bern's call for the body's authority to be strengthened and extended

defining everyone's rights and obligations in clearly delineated fields," says Mr Blankart.

Switzerland believes that the negotiations should have a wider reach and a different content than earlier rounds. It suggests that they be conducted in three "baskets."

● A rule-making forum to rectify Gatt's existing regulations and to elaborate regulations for new areas, including services. The Swiss hope that a new Gatt body could emerge which would be able to negotiate issues, such as services and trade in counterfeit goods, without having to ascertain first whether the issue fell within Gatt's scope.

● Negotiations on Gatt's executive functions, such as the supervision of tariffs, market access and quantitative import restrictions.

● Discussions on the "economic environment" in which Gatt functions. The Swiss would like this basket to produce a declaration by Gatt's 90 members on the conditions for the smooth functioning of a multilateral trading system, in particular on the requirements placed on monetary policies. It would inevitably examine the relationship between Gatt and the International Monetary Fund.

The third basket would open the way for discussion of some of the developing countries' pre-conditions, such as the link between their indebtedness and trade.

A particular bugbear for the Swiss is the Voluntary Export Restraint (VER) agreement of the kind concluded between Japan and the EEC on video cassette recorders and between Japan and the U.S. on cars.

These two agreements may have had little impact on Switzerland but others have done so. The deal made by Britain and the Irish Republic on imports of rubber boots and shoes from South Korea, for instance, led to a doubling of Korean exports to Switzerland between 1978 and 1980 to the detriment of their own plants, the Swiss claim.

Switzerland has no bilateral agreements. It operates no quotas even for imports of textiles and clothing.

This loyalty to basic Gatt principles, the Swiss feel, should not be rewarded by backlashes from VER agreements between other countries. They want the Gatt rules widened to cover these and other safeguard measures.

Not surprisingly for a country whose banking and insurance enjoy international importance, Switzerland joins the U.S. in urging that the new round must deal with trade in services.

Berne's official position is cautiously phrased. Talks on services, it says, should take place without any prior conditions on the areas to be covered or on any punitive action.

Swiss bankers, insurers and economists, however, voice a straightforward argument for including services: old, industrialised economies cannot continue to open their markets to manufactured goods from developing countries and suffer the loss of jobs in their own manufacturing industries, if the service industries absorbing the displaced employees are prevented from developing business abroad.

Whatever diplomatic language the message is wrapped

in, Swiss businessmen see a definite link and potential trade-offs between the talks on goods and those on services.

The Swiss also fear a slide into bilateral agreements from the non-discrimination principle embedded in Gatt's "most-favoured-nation" clause. They are unhappy about the Caribbean Basin Initiative under which the U.S. has granted preferential treatment to imports of Caribbean goods in return for advantages in services in the Caribbean area.

Trade in agricultural products, another crucial subject for the new round, is a different matter. Switzerland was granted dispensation from Gatt rules about protective measures on farm products when it became a full member in 1966, mainly on the grounds that its political neutrality gave it the right to maintain a level of independence.

Official figures are not available, but Dr Fritz Leutwiler, the former president of the Swiss National Bank and now chairman of Brown Boveri, recently calculated that the many different forms of farm support were costing the Treasury between SwFr 5bn and SwFr 5.5bn (£600m-£1.5bn) a year.

It can be safely assumed that the Swiss will not be in the forefront when it comes to negotiating on agriculture in the new round. But would they block concessions on farm products, if they were the condition for the reinforcement and expansion of Gatt rules the Swiss are so keen to achieve?

The previous articles in this series appeared on July 2, 12, 18 and 24.

## Company Notices

**THE PACIFIC FUND S.A.**  
société anonyme d'investissement

Registered Office: LUXEMBOURG, 14, rue Adolphe  
Commercial Register Section 8 No. 7825

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

The Annual General Meeting of Shareholders of THE PACIFIC FUND S.A. will be held on Wednesday, 14th August 1985, at 10.00 o'clock for the purpose of considering and voting upon the following matters:

- To hear and accept the reports of:  
(a) the directors,  
(b) the auditors.
- To approve the statement of assets and liabilities and the statement of operations for the year ended 31st March 1985 and to determine the dividend.
- To discharge the directors and the auditors with respect to their performance during the year ended March 31st, 1985.
- To elect the directors to serve until the next annual general meeting of shareholders.
- To elect the auditors to serve until the next annual general meeting of shareholders.
- Any other business.

The shareholders are advised that the quorum for the statutory general meeting is required and that resolutions will be taken at the majority of the shares present or represented by proxy. Shareholders entitled to attend and vote at the meeting are those whose names appear on the register of shareholders as at the date of the meeting.

In order to take part at the statutory meeting of August 14th, 1985, shareholders of shares will have to deposit their shares with the company at the registered office of the Fund, 14, rue Adolphe, Luxembourg, or with the following banks:

**BANQUE GENERALE DU LUXEMBOURG S.A.**  
Luxembourg

**THE BOARD OF DIRECTORS**

**TAISHO MARINE AND FIRE INSURANCE COMPANY LIMITED**

NOTICE TO U.S. HOLDERS OF POLICIES OF THE TAISHO MARINE AND FIRE INSURANCE COMPANY LIMITED

TAISHO MARINE AND FIRE INSURANCE COMPANY LIMITED, a Japanese company, has announced that it is now a member of the U.S. Federal Reserve System. The company's U.S. branch office is located at 33 King William Street, London EC4R 3AS. The company's U.S. branch office is now open for business on August 1st, 1985.

**ASICS CORPORATION**

Notice to EDH Holders

Notice is hereby given that copies of the 1985 Annual Report of ASICS Corporation for the year ended March 31, 1985 are available at the offices of the company, The Chase Manhattan Bank N.A., 47 Boulevard Royal, Luxembourg. The company's U.S. branch office is located at 33 King William Street, London EC4R 3AS. The company's U.S. branch office is now open for business on August 1st, 1985.

**COMPANIA TELEFONICA NACIONAL DE ESPAÑA**

Floating Rate Note Issue 1980/1991 of US\$ 50 million

The rate of interest applicable for the month period beginning on July 31 1985 and set by the reference agent is 8 1/2% annually.

**CHEMICAL NEW YORK CORP.**

US\$300,000,000 FLOATING RATE SENIOR NOTES DUE 1999

In accordance with the provisions of the Notes, Notice is hereby given that the interest rate on the Notes will be set by the reference agent on August 1st, 1985. The interest rate on the Notes will be set by the reference agent on August 1st, 1985.

**HILL SAMUEL FINANCE S.V.**

TO THE HOLDERS OF THE U.S.\$30,000,000 FLOATING RATE NOTES DUE 1986

Notice is hereby given that the interest rate on the Notes will be set by the reference agent on August 1st, 1985. The interest rate on the Notes will be set by the reference agent on August 1st, 1985.

**NATIONAL COAL BOARD**

US\$100,000,000

8 1/2% Guaranteed Bonds 1987

S. G. WARNBURG & CO. LTD. announce that the redemption of National Coal Board Bonds due 1st September 1987 for a nominal value of US\$100,000,000 has been met by purchase in the market.

**BANQUE NATIONALE DE PARIS**

Floating Rate Note Issue of USD 250 million

January 1980/88

The rate of interest applicable for the three month period beginning July 31 1985 and set by the reference agent is 8 1/2% annually.

## Urgent attempts launched to rescue Curacao oil refinery

ROYAL DUTCH/Shell's decision to close its big oil refinery in Curacao has left the Netherlands Antilles, Dutch and Venezuelan governments scrambling to organise a last-minute rescue plan to keep the facility open, writes Laura Baum in Amsterdam.

Venezuela, which has supplied the loss-ridden refinery with crude oil, seized the initiative late Tuesday as Royal Dutch/Shell announced it gradually would halt operations beginning in August. Curacao planned last-minute talks on taking over the 320,000 barrel a day (b/d) facility, a possibility which the Anglo-Dutch oil giant left open in its announcement. The Hague, which is responsible for the Antilles' foreign and defence policies, also is participating in the negotiations in the Caribbean islands.

All three governments have a vested interest in ensuring the survival of the 60-year-old Curacao complex, whose closure has been postponed twice before. Curacao already lost one major buyer for its

heavy crude earlier this year when Exxon shut its 420,000 (b/d) refinery on the Antilles island of Araya, and a second significant buyer, the Shell refinery indirectly provides another 4,000 to 6,000 jobs. It is feared that Aruba's planned independence from the Antilles in January will deprive the other, smaller islands of economic support.

The Netherlands, which took control of the Antilles in 1954, feels morally responsible for the impoverished Antilles, although economic aid has been curtailed amid the Netherlands' own austerity measures. The Hague fears an immigrant wave of Dutch nationals from the Antilles if the threatened refinery

shuts. Mr Rind Lubbers, the Dutch Prime Minister, flew to Curacao for emergency talks two weeks ago and returned with an optimistic report of a political accord reached between the three governments.

Mr Lubbers' diplomatic pressure failed to sway the hard-nosed Royal Dutch/Shell from its determination to close the refinery unless oil-price concessions from Petroleos de Venezuela, the state oil company, were forthcoming. The Curacao facility, which is operating at less than half capacity, lost £1.15m (\$2.4m) in the first half of this year and needs several hundred million florins of investment to shift the output toward light, more remunerative products.

Royal Dutch/Shell had won several of its demands for continuing operations. Venezuela agreed to provide extra crude supplies, Curacao promised to ignore 15m in taxes and royalties agreed to a 15 per cent cut in wages. But the Hague and London-based oil company failed to wrangle the kind of price cuts from Petroleos de Venezuela that were considered necessary.

## Canadian appeal on fibres

MONTREAL - Quebec's textile industry has warned that as many as 21,000 jobs could be lost in the province unless there are changes to the Multifibre Arrangement (MFA) which controls imports from the Third World.

Mr Irving Steinberg, president of the Clothing Manufacturers' Institute, said that the Quebec clothing and textile industry faced "terrible pressure" from imports.

Unless there were modifications to the MFA within three years, 30 per cent of the jobs in the sector would disappear in Canada, with 21,000 jobs lost in Quebec alone, he said.

Mr Steinberg is hoping for a renewal of the MFA, part of the

General Agreement on Tariffs and Trade (Gatt), which came into effect in 1982 and ends in July 1986. Talks on the pact are due to begin soon in Geneva.

The Quebec clothing industry would like to see the agreement modified so that the growth of imports follows the growth of domestic market demand.

The Canadian Textiles Institute says that since 1982, textile and clothing imports into Canada have increased by 43 per cent, but the Canadian market grew at an annual rate of between 3 and 6 per cent.

Mr Steinberg would also like to see some other developing countries join the Gatt agreements.

## U.S. approves bill solution

WASHINGTON - The House of Representatives yesterday gave final approval to a \$12.7bn compromise foreign aid bill for 1986 which opens the door to new or revived U.S. military involvements in Nicaragua, Kampuchea and Angola.

The 282 to 181 vote of the Democratic-controlled House means that the measure will now go to President Ronald Reagan for his signature. The Senate passed the bill on Tuesday.

It signed by President Reagan, as expected, the measure would constitute the first foreign aid authorization bill enacted by Congress since 1981.

Besides massive new aid for Israel and Egypt, the bill contains fresh initiatives for U.S. involvement abroad, including an unprecedented \$5m for the non-Communist resistance in Kampuchea and repeal of a ban on aid to anti-Marxist rebels in Angola.

It also includes \$27m for U.S.-backed rebels, known as "Contras," who are trying to overthrow Nicaragua's left-wing Government but bars the Central Intelligence Agency (CIA) from administering the funds.

Congressional negotiators resolved differences in House and Senate versions of the bill during a marathon session last week. Reuters

## New lenders to be given priority by Peru

By Hugh O'Shaughnessy

CREDITORS willing to advance new money to Peru will be given priority in the servicing of their loans to Peru, President Alan Garcia said at a press conference in Lima late Tuesday.

In his presidential inaugural address on Sunday Sr Garcia announced that the maximum for Peru would pay on the service of its foreign debt would be 10 per cent of Peru's export earnings.

This compares with about 45 per cent remitted to foreign creditors during the five years President Garcia's predecessor, President Fernando Belaunde, was in office.

Reaction to the two announcements among creditor banks has been generally muted but various commercial lenders have made it clear that they will be pressing for the 10 per cent limit to be raised substantially.

Sr Garcia received members of the steering committee of Peru's commercial bank creditors in Lima on July 16 while he was still president-elect and told them he intended that Peru should deal with them on a bilateral basis.

He assured members of the committee that Peru was anxious to discharge its financial obligations when circumstances permitted and to maintain the best possible relations with the international financial community.

The senior officials designated to maintain contact with Peru's creditors are Sr Guillermo Castaneda and Sr Cesar Atalla.

Peru has indicated that it might welcome a change in the composition of the steering committee of banks which act for Peru's commercial banking creditors.

Mexico's trade surplus down

MEXICO had a foreign trade surplus of \$3.7bn in the first six months of this year, down 48.8 per cent from the surplus in the corresponding period in 1984, the budget and planning department reported.

## Great Plains synthetic fuel project at risk

BY WILLIAM HALL IN NEW YORK

THE FUTURE of the \$2bn Great Plains coal-gasification plant, the U.S.'s most important synthetic fuels project, which went into production last year, is hanging in the balance after a U.S. Government decision not to back a rescue plan.

Mr John S. Herrington, U.S. Energy Secretary, has told the Synthetic Fuels Corporation (Synfuels), the U.S. agency set up to develop the alternative fuel supplies during the 1970s oil crisis, that it will not provide the \$720m in price supports and the \$875m in loan repayment deferrals which the project's five commercial sponsors were seeking.

The plant, which is the first of its kind in the world, is based in North Dakota and converts lignite - a low grade form of coal - into a cleaner burning, more easily transportable fuel. While the plant has been a technical success and is operating within budget, it is not economic. The gas produced sells for \$3.50 a thousand cubic feet while it costs

\$10.75 per thousand cu ft to produce.

Compared with oil prices of around \$28 a barrel, analysts say that the project is producing fuel at the equivalent of \$62 a barrel. Mr Herrington has told Synfuels that the proposed rescue plan "will not provide assurance of long-term operation of the project at a reasonable cost to the taxpayers and the nation."

By refusing to support the project, the U.S. Administration will save taxpayers' money, but several industry observers believe that it is taking a far too short-term view and is threatening the country's long-term energy security.

The project partners, which include Tenneco, American Natural Resources, Transo Energy, Midcon Corporation and Pacific Lighting Corporation, are expected to make a statement on the project's future today. It is most unlikely that they will be able to continue without official backing.

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**Bank of Ireland**

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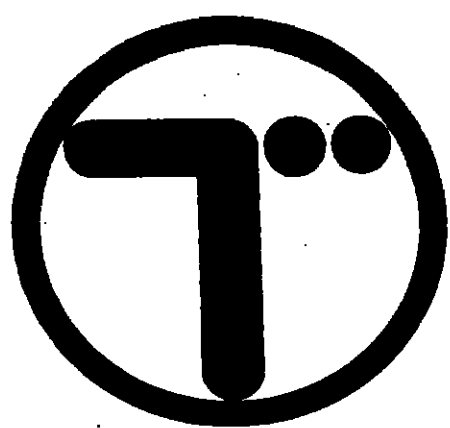
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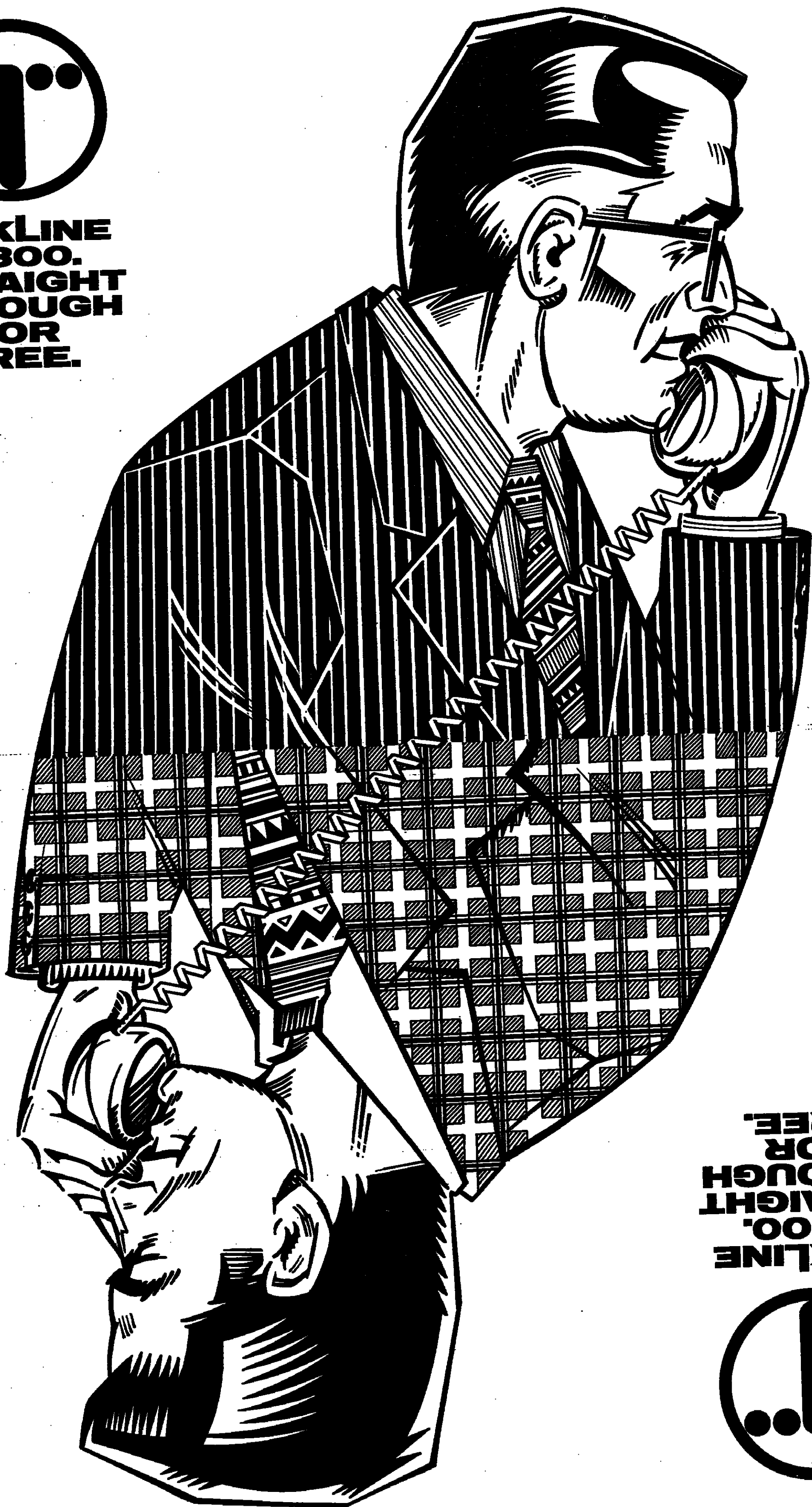
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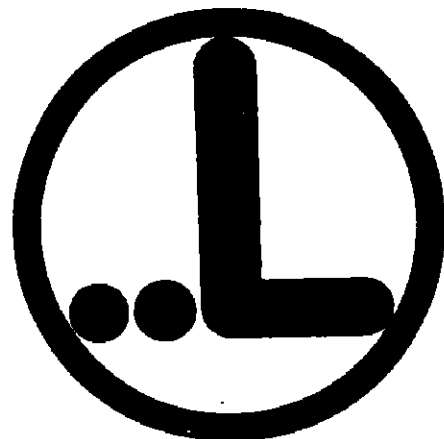
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## UK NEWS

# TV journalists to strike over terrorist film

BY RAYMOND SNODDY

BBC TELEVISION journalists yesterday voted to strike for 24 hours over a decision by BBC governors not to show a documentary film on terrorism in Northern Ireland.

All BBC television members of the National Union of Journalists are being asked to strike next Wednesday - the day the film featuring Mr Martin McGuinness, the suspected IRA leader, was due to have been shown. The governors' decision was taken after pressure from the Government.

A resolution passed by journalists expressed lack of confidence in the board of governors and called on Mr Stuart Young, the BBC chairman, to resign.

The move came as Mr James Hawthorne, controller of BBC Northern Ireland for the past seven years, first offered his resignation over the affair and then had second thoughts.

Mr Hawthorne said last night he was reconsidering because of assurances that the way the BBC covered Northern Ireland would not alter.

Pressure put on the BBC by Mr Leon Brittan, the Home Secretary, drew increasing criticism yesterday.

The Association of British Editors said the BBC had handed the IRA "one more victory in the propaganda war" and had shown weak-

ness and "a betrayal of its own best traditions."

Mr Gerald Kaufman, shadow Home Secretary, said he would be seeking a meeting with Mr Young to express his concern.

Mr Brittan had told the BBC that it would be "contrary to the national interest" for a film featuring an interview with one of the alleged heads of the IRA to be shown. He had made the request without having seen the film or a transcript.

Speaking on BBC radio yesterday, Mr Brittan denied that he had tried to censor the BBC. He said he "respected and supported passionately the constitutional independence of the BBC to take its decisions," but the Home Secretary like all other citizens, was entitled to put his opinions on programmes to the BBC.

It became clear last night that most members of the board of governors, who met for seven hours on Tuesday to discuss the film, did so believing that the programme should go ahead without alteration.

The board of management team led by Mr Michael Checkland, the deputy director general, proposed that the programme could have a statement before it explaining the context and a discussion after on whether publicity really did give oxygen to terrorists, as claimed re-

cently by Mrs Margaret Thatcher, Prime Minister.

Mr Young was sympathetic to such an approach. Views changed, however, after the 45-minute programme was shown to the governors. "I was definitely shaken by the film. Terrorism was being shown as merely an alternative life style," said a governor who asked not to be named.

"What we thought was wrong with it was the fact that it was made from a position of moral neutrality," said the governor. "Most of us would have been only too pleased to say 'boo' to the Government on such an issue, but we decided it was a moral question."

When Mr Young started to take soundings, he turned first to his deputy chairman, Sir William Rees Mogg, former editor of The Times. Sir William said the programme should not go out in its present form.

All the other governors voted to support this view with the exception of Mr Alwyn Roberts, the governor for Wales, who was the only one of 11 governors present to support the board of management. Sir John Boyd, former general secretary of the Amalgamated Union of Engineering Workers, was not present.

Editorial comment, Page 12

# Deadline passes for Lloyd's £130m wealth test for underwriters

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 1,500 underwriting members of Lloyd's the London insurance market were deciding yesterday if they should show they have enough wealth to meet insurance losses of £130m.

The Lloyd's authorities set yesterday as the deadline for the underwriters to show they could meet their insurance liabilities. The members, whose affairs were managed by agency interests of Minet Holdings, the insurance broker, faced large insurance losses on top of allegations that £40m of their funds had been misappropriated by former agency executives.

Management of the underwriters' affairs is passing to an independent agency - Additional Underwriting Agencies No. 3 - financed by Lloyd's and headed by Sir Ian Morrow. The move follows Minet's decision to close its Richard Beckett agency, which managed the members' affairs, in the wake of the insurance losses.

Lloyd's has warned that unless the underwriters show they have enough wealth to meet their insurance liabilities they will be suspended from underwriting.

But Sir Ian Morrow has warned the underwriting members that he intends to operate a more conservative accounting policy in the calculation of the losses. The changes he

intends "ought to be borne in mind when deciding whether or not to meet the present solvency requirements."

Lloyd's had expected most of the 1,525 underwriters to meet the solvency requirements. But the warning by Sir Ian Morrow has prompted members to explore whether they need to meet the requirements. Discussions are taking place with lawyers and there is likely to be an attempt by those who have already passed the "solvency test" to unscramble the process while they find out the full extent of the underwriting losses.

Lloyd's ruling council meets next week and will consider the latest developments. If any underwriter does not meet the solvency requirements, money will be "earmarked" from a central fund of last resort in the market - which stands at £130m. The money from the fund will be used to protect the interests of Lloyd's policyholders and to meet insurance claims.

But Lloyd's is not anxious to suspend any underwriter over this affair as the members are planning an extensive programme of litigation.

Lloyd's also does not intend to pursue members into bankruptcy if they default.

# 'Costa del Dole' rule declared illegal

By Robin Pauley

THE GOVERNMENT'S new rules aimed at preventing the young unemployed from staying in bed and breakfast accommodation for more than a few weeks were declared illegal by a High Court judge yesterday.

Mr Justice Mann ruled that Mr Norman Fowler, Social Services Secretary, had no powers to introduce the regulations which forced young people aged between 16 and 25 to leave their lodgings after a few weeks and move to a different area, or have their benefit payments cut.

The regulations were introduced on April 29, partly because the Government wanted to act against "Costa del Dole scroungers" who were reported to be moving to the seaside at the expense of the Department of Health and Social Security and holidaying while supposedly looking for work.

Yesterday's ruling was on a test case brought by a 22-year-old unemployed man from Liverpool, who said the rules would turn him "one of the army of rootless unemployed."

The department is expected to appeal against the ruling.

# City revolution spurs jobs shake-up in securities industry

BY OUR CITY CORRESPONDENT

A WAVE of staff defections and recruitments among British securities companies surfaced yesterday in one of the biggest personnel upheavals in the financial services revolution taking place in the City of London.

Developments included: ● The entire Channel Islands staff of stockbroker Sheppards and Chase is set to join stockbroker James Capel.

● Three market makers of Akroyd & Smithers are leaving. Mr Philip Cole, a market maker in the stores sector is joining Wood Mackenzie, along with Mr Harry Hawkes and other experienced Akroyd dealer.

Mr Peter Brown, a market maker in the investment trust sector, is joining James Capel.

● Mr Kevin McGovern, a salesman in British Government securities with broker Hoare Govett, is joining Barclays de Zoete Wedd, the securities operations of Barclays Bank.

● Mr Richard Brewer, a manager in the treasury department of Hill Samuel, the merchant bank, is joining the new securities operations which is being created by stockbroker W. Greenwell, Midland Bank and Samuel Montagu.

The details emerged yesterday as rumours suggested that there would be other departures from Wedd Durlacher Mordaunt, one of Britain's largest market makers which is merging with Barclays Bank.

Earlier this week Mr Richard Doran, a dealing partner with Wedd, resigned to join James Capel, to help to run their "block trading" operations.

Wedge, yesterday quashed suggestions that other departures were imminent.

The biggest surprise of the day was the defection of the Channel Islands staff of stockbroker Sheppards and Chase.

Earlier this year Banque Arabe et Internationale d'Investissement (BAII), the Luxembourg-based consortium bank, acquired a 29.9 per

cent stake in Sheppards and Chase.

It intends to acquire 100 per cent control of the broker once Stock Exchange rules on outside ownership are relaxed.

Mr John Wilson, senior partner of Sheppards and Chase, said yesterday that it was the intention to maintain the firm's stockbroking and international bond presence on both Guernsey and Jersey "backed by the resources of BAII."

He said that all the staff in the Channel Islands operations "may well all go and we may have to re-staff."

In the move, Mr Alan Corbin, who heads up the operations in the Channel Islands, and the staff are set to join the operations of James Capel in the same area. This is expected to bring Capel's staff up to around 27 in this field. They are expected to join in September.

The other surprise was the move by a Hoare Govett staff member to Barclays de Zoete Wedd. So far, Hoare Govett has been one of the more settled securities houses and has attracted staff from leading market makers such as Akroyd & Smithers.

In the City of London yesterday it was suggested that Mr McGovern, aged under 30, a salesman of government securities with Hoare Govett, was receiving a six-figure "Golden Hello" or transfer fee for signing on with the Barclays securities operations. It was said that he was being offered a partnership which could be worth up to £200,000.

Barclays Bank has been considering taking legal steps against defectors from Wedd Durlacher Mordaunt.

● Hoare Govett is acquiring the Scottish stockbroking firm of Campbell Neill & Co. The acquisition of the broker, which has eight partners and a total staff of over 70, (BAII), the Luxembourg-based consortium bank, acquired a 29.9 per

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Ind. prod.	Eng. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1984							
1st qtr.	102.4	100.4	107	110.2	130.1	3,026	154.0
2nd qtr.	102.3	101.3	106	110.2	133.3	3,076	165.1
3rd qtr.	103.4	101.2	104	113.6	164.0	3,103	166.5
4th qtr.	103.8	101.9	105	115.6	194.9	3,108	161.3
December	104.9	101.3	102	112.6	133.9	3,138	157.5
1985							
1st qtr.	104.0	100.1	98	111.6	134.4	3,124	157.2
2nd qtr.	104.2	101.0	107	112.0	130.2	3,144	156.1
January	106.4	102.7	102	113.8	138.3	3,147	159.2
February	106.7	101.1	87	114.1	140.3	3,176	160.7
March	107.8	100.9		114.6	142.8	3,177	167.1
April				116.1		3,170	174.8
May							
June							

**OUTPUT**—By market sector: consumer goods, investment goods, intermediate goods (material and fuel); engineering goods, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile	Hous. starts*
1984							
1st qtr.	100.5	95.7	110.3	98.0	113.8	96.6	16.2
2nd qtr.	101.6	96.8	105.5	98.8	107.8	97.7	18.0
3rd qtr.	102.0	97.7	104.6	100.2	110.8	98.2	18.2
4th qtr.	102.7	98.3	106.1	99.7	107.2	99.4	14.0
November	102.9	98.0	106.0	100.0	107.0	99.0	13.9
December	103.0	100.0	106.0	101.0	109.0	100.0	9.5
1985							
1st qtr.	101.7	100.1	108.5	101.2	108.0	97.9	13.8
January	101.9	99.0	108.0	99.0	108.0	97.9	11.7
February	102.0	100.0	108.0	101.0	108.0	98.0	13.2
March	102.0	103.0	110.0	103.0	113.0	99.0	16.6
April	101.0	100.0	112.0	101.0	112.0	97.0	17.9
May	101.0	101.0	114.0	101.0	109.0	97.0	19.9
June							

**EXTERNAL TRADE**—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Current balance	Oil balance	Terms trade	Resv. trade
1984						
1st qtr.	108.7	112.1	- 57	+ 966	+ 2,322	97.3
2nd qtr.	109.1	119.7	- 126	+ 203	+ 1,543	97.3
3rd qtr.	109.9	122.7	- 123	- 512	+ 1,804	97.2
4th qtr.	119.7	129.1	- 123	+ 373	+ 1,488	96.6
December	121.4	129.5	- 344	+ 47	+ 743	96.6
1985						
1st qtr.	120.5	128.5	- 134	+ 123	+ 1,562	96.2
January	118.2	121.2	- 86	+ 402	+ 926	96.5
February	123.6	127.5	- 263	+ 207	+ 675	95.9
March	118.6	126.8	- 88	+ 151	+ 260	96.3
April	121.5	129.7	- 377	+ 223	+ 684	97.0
May	121.4	129.8	- 274	+ 724	+ 835	96.0
June	118.1	126.6	- 243	+ 257	+ 842	98.3

**FINANCIAL**—Money supply M0, M1 and sterling M2, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M2 %	Advances	Net inflow	HP	Base rate
1984							
1st qtr.	4.1	10.1	8.2	13.6	2,609	2,574	8.50
2nd qtr.	4.6	24.5	11.1	18.9	1,795	2,576	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,513	10.50
4th qtr.	9.6	24.3	13.4	15.9	2,482	2,346	9.62
December	12.2	27.2	12.1	22.4	1,004	972	9.63
1985							
1st qtr.	2.2	6.7	9.1	15.2	1,511	3,146	13.05
2nd qtr.	5.1	32.4	19.1	10.2	1,823	3,123	12.50
January	5.0	9.0	13.6	18.3	823	1,168	14.00
February	3.1	5.0	4.6	13.3	474	1,013	14.00
March	5.4	22.2	18.8	16.0	214	965	13.50
April	4.2	33.2	18.4	17.7	307	1,057	12.63
May	5.7	44.6	23.8	20.2	401	1,038	12.63
June							

**INFLATION**—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (1975=100).

	Earnings	Basic mths.	Wholesale mths.	RPI*	Foods*	FT* comdty.	Strg.
1984							
1st qtr.	155.9	124.3	132.0	350.9	329.1	305.06	79.8
2nd qtr.	159.6	134.1	122.4	353.9	326.8	288.95	78.0
3rd qtr.	164.1	140.1	134.3	353.3	326.8	289.64	74.1
4th qtr.	165.3	143.4	134.9	358.5	327.6	289.64	74.1
December							
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	78.0
2nd qtr.	163.4	145.3	135.9	375.3	339.4	278.13	78.9
January	164.6	147.6	136.6	369.4	330.6	296.98	71.5
February	168.1	145.5	137.5	366.1	333.5	295.73	71.3
March	168.1	148.8	139.2	373.9	338.8	295.22	72.3
April	168.5	158.8	139.5	375.6	338.3	296.08	78.8
May							
June							

\* Not seasonally adjusted.

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Specialists - above all

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lution spe  
re-up in  
industry

Today, while most producers of microchips are making savage cutbacks, it's ironic that Digital are announcing plans to spend £82 million on building their largest microchip plant outside the US.

And the good news is we're building it in Britain.

#### DIGITAL WHO?

For those of you who are not familiar with the name Digital except in connection with mass produced watches here are a few salient facts.

1. We are called Digital Equipment Corporation (DEC to our friends).
2. We don't make watches.
3. We are the largest manufacturer of minicomputers in the world.
4. We are the world's second largest computer company.

#### WHAT ARE WE DOING IN BRITAIN?

If we told you that when we were considering where to build our new plant the main things that attracted us to Britain were (a) the education system and (b) the weather, you'd probably think we weren't being entirely serious.

But the fact is, when it comes to technological expertise in the fields of electronics, physics and chemistry, Britain and in particular, the Edinburgh area are very hard to beat.

Although the Scottish climate may not always be ideal for beach barbecues, with the thousands of gallons of water needed by our plant it is absolutely perfect for us. (We should add that we will be returning the water in question to the Forth river cleaner than it was when we took it out.)

There are other reasons for choosing Edinburgh, of course — its beauty and its cultural life make it an attractive proposition for the top people we need.

Edinburgh was also chosen from several potential locations worldwide because of the highly developed silicon chip industry in Scotland which is able to supply raw materials, components and equipment. In effect our Scottish plants will be able to turn sand into computers.

Our new plant is close to our plant at Ayr which was established in 1976. In fact, most of the new plant's output will go to Ayr where the chips will be made into integrated circuits for export worldwide.

Furthermore, although DEC is an international company with offices in 48 countries we are heavily committed to Britain. So much so that the British operation is second in size to the parent company in the US.

Worldwide DEC's turnover last year was \$5.6 billion and in the UK it was £303 million.

We set up our first office in the UK in 1964 and now have 13 branches across the country.

We built the plant at Ayr twelve years later and two years ago set up DEC's first research and development centre outside

the US. It employs 300 engineers and designers.

Our new plant in Edinburgh will represent Digital's first microchip manufacturing plant in the UK (and outside the US).

#### HOW IT ALL STARTED

If our achievements in this country

## TODAY WE'RE CREATING A NEW JOB IN BRITAIN FOR EVERY WORD ON THIS PAGE.

were unknown to you until now, what may come as some surprise is that Digital are acknowledged in the computer industry as the pioneers of computing as we know it today.

Back in 1957, when a computer was a room sized monolith that cost millions of pounds and needed a sterile air conditioned chamber to live in, Ken Olsen set out to make a smaller, cheaper and easier to use computer for the mass market. His company Digital Equipment Corporation, gave birth to a revolution by developing the first mass produced minicomputer.

By the 1970's companies were distributing minicomputers throughout their operations rather than concentrating their data processing in one mainframe machine. DEC lead the way and today we are the largest minicomputer company (and currently, the second largest computer manufacturer) in the world, with a turnover exceeding \$5.6 billion.

#### WHERE WE ARE TODAY

DEC first came to public notice in 1960 when we made the first commercially available computer system to offer an 'interactive video display' so that when you asked the computer a question it answered immediately on the screen.

Today our computers touch on practically every area of life in Britain.

Every university in Britain has at least one DEC computer as does every major bank in the City.

Most of our customers are household names ranging from car manufacturers, insurance companies to oil companies and government departments.

But although Digital has always been known for producing some of the most innovative products on the market, it is also significant that we now offer the broadest range of computer products and services in the industry, ranging from chips costing just a few pounds to large networked systems worth many millions.

#### WHY COMPUTERS SHOULD WORK TOGETHER

Today when we sit down to design a new piece of computer equipment, the first question we ask is how it will work with our existing equipment and how will it grow with the systems we create tomorrow.

Our VAX family of computers, for instance, is unique in the industry for providing complete compatibility from the

desk sized MicroVAX II right up to clusters of VAX 8600s capable of running a major steel mill (for instance).

It's a simple principle but sadly not one every computer manufacturer shares.

We say sadly, because we believe whole-heartedly that all computers made

by all companies should be designed to work together and we have already pledged our firm support to Open Systems Interconnect (O.S.I.) whose objective is to promote and establish

international standards of computer networking.

#### HOW WE GET THE PEOPLE WORKING TOGETHER

At the risk of seeming arrogant we like to think that the way we work as a company is as innovative as some of the products we produce.

We believe that today too many big companies are hung up on structure.

As a result, too many individuals are frustrated by internal structures, politics, and job titles.

Therefore at Digital we favour a much looser structure where job titles are kept to a minimum and communication is at a maximum.

We like to hand out responsibility as early as possible in the belief that you learn quicker that way.

Indeed, we believe no one can reach their true capacity by taking small safe steps so we encourage people to take a bold path right from the start.

We also believe that anyone, however inexperienced, can have a good idea and if they do we give them the opportunity to implement it rather than snatch it away from them.

And by the same token we prefer to give people the flexibility to change jobs within the company whenever they feel they are stagnating rather than let them become frustrated with what they are doing.

But while we're on the subject of jobs it's time to return to the emotive statement that we started this advertisement with.

#### HOW MANY JOBS ARE WE TALKING ABOUT

Currently Digital employ 89,000 people all over the world and 4,300 in Britain.

But last year our turnover in this country grew by a staggering 44% which means that, quite apart from our new plant in Edinburgh which will spawn 400 new jobs shortly, we will also be creating a further 800 jobs throughout the UK this year.

Making a total count of nearly 1,300 new jobs in Britain. And that, as they say, is our final word. (For this year)

**digital**

THE WORLD'S SECOND LARGEST COMPUTER COMPANY.

This advertisement complies with the requirements of the Council of The Stock Exchange and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

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(Incorporated in the State of New York, United States of America)

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Algemene Bank Nederland N.V.	Banque Bruxelles Lambert S.A.
Banque Indosuez	Crédit Lyonnais
Dai-ichi Kangyo International	Daiwa Europe Limited
Den Danske Bank af 1871 Aktieselskab	Fuji International Finance Limited
Lombard Odier International Underwriters S.A.	LTCB International Limited
Merrill Lynch Capital Markets	Mitsubishi Trust & Banking Corporation (Europe) SA
Mitsui Trust Bank (Europe) S.A.	Morgan Stanley International
The Nikko Securities Co., (Europe) Ltd.	Pictet International Limited
Swiss Bank Corporation International Limited	Toyo Trust International Limited
Yamaichi International (Europe) Limited	

Application has been made to the Council of The Stock Exchange for the Notes, to be issued at 74.927% of the principal, to be admitted to the Official List.

Listing particulars relating to the Notes are available in the Ertel Statistical Service and copies may be obtained during normal business hours up to and including 5th August, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 14th August, 1985 from:-

Nomura International Limited, Nomura House, 24 Monument Street, London EC3R 8AJ	Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN	The Bank of Tokyo Ltd., Northgate House, 20-24 Moorgate, London EC2R 6DH
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1st August, 1985

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## MEDICAL CARE

# Cost-cutting fever raises interest in small U.S. health groups

BY ANDREW BAXTER

THE RECENT three-cornered bid battle for American Hospital Supply, the largest U.S. distributor of health care products, has refocused attention on a rapidly changing, fast-growing industry which has brought rewards to investors on both sides of the Atlantic.

Wall Street's cohorts of health care analysts were given plenty to chew over as first Hospital Corporation of America (HCA) announced an agreement to merge with AHS — to form the largest health care concern in the U.S. — and then Baxter Travenol Laboratories, the health care products group, submitted a counterbid for AHS, winning the battle on July 15 with a \$3.50n offer.

Hospital management companies such as HCA, Humana and National Medical Enterprises have figured heavily in the investment portfolios of European-based funds as the growth of private health care in the U.S. has brought hefty rises in profits and share prices.

But away from the heavyweights of the industry are a myriad of small companies with names like Sunrise Medical, Medicine Shoppe International and Mental Health Management, all with products and services aimed at carving a niche in a \$400bn industry or exploiting the new emphasis on controlling costs.

This emphasis, prompted by the Reagan Administration's attempts to rein in on welfare spending, has spread to hospitals, suppliers and employers — a group mindful of the famous remark by Lee Iacocca, the Chrysler chief, that more health care than steel goes into each new car rolling off the production line.

With one third of U.S. hospital beds empty, it would be natural for investors to look away from the big hospital management companies to other parts of the industry. The problem, however, for the individual investor is how to find out about companies too small to interest Wall Street.

Estimates suggest that large health care companies are each trailed by an average of 27 analysts, compared with just two for emerging companies in the sector. Meanwhile, average institutional ownership of the smaller companies is put at 13 per cent against 53 per cent for their big brothers.

Mr Robert Bradley, vice-president for marketing at Citicare, a mutual fund for non-U.S. investors, says that in the case of the large health care groups "it is almost impossible for someone to spot something new." On the other hand the turmoil created by the technological and financial changes in the market place offered good opportunities for investors in smaller companies.

Citicare, launched in 1983, operates under the wing of Citicorp, the world's biggest banking group. It is one of a few funds, including Alliance Health Care and Putnam Emerging Health Science, set up to help individuals and institutions outside the U.S. spot

doubled in the fund's first year, with one HMO, Maxicare, proving one of the fund's best performers.

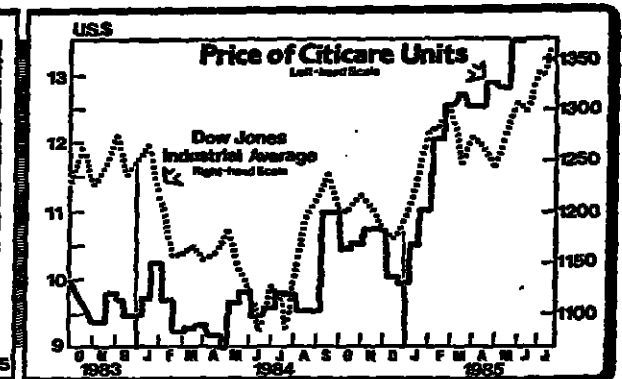
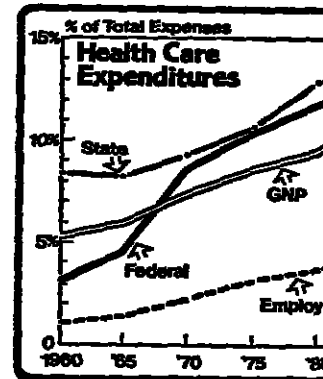
Other favoured sectors have included companies with products helping to bring early diagnosis, and hospital information system suppliers, which have benefited from hospitals, need to know what is going on in order to keep a tight lid on costs.

However, the fund has steered relatively clear of biotechnology, due, says Citicare, to excessive valuations of companies with no foreseeable earnings, and has avoided most medical technology concerns, the products of which hospitals could delay purchasing

shares were down to \$9 in spring 1984. A gradual recovery followed, with a big spurt coming in the first months of 1985 as smaller capitalisation stocks outperformed the market.

To put the performance in perspective, the total return since launch stood at 28.3 per cent at the end of February. This compares with a 23.4 per cent fall in the Hambrecht & Quist Technology Index and a 13 per cent rise in the Dow Jones Industrial Average over the same period. Citicare's total return to date, including a dividend, is close to 40 per cent.

While investment strategy is the main reason for the performance tactics play a part too.



winners, while reducing the risks inherent in investing in small companies. Other funds offer a similar service to U.S. investors.

Citicare's strategy since inception has been to bet on companies likely to take advantage from demographic change, especially the phenomenon of an increasingly ageing population, or from the pressures caused by cost controls, in particular the so-called Diagnostic Related Groups system of fixed reimbursement to hospitals for treating Medicare patients for 467 specific diseases. This was introduced in late 1983.

This strategy has led both to a strong emphasis on nursing homes and to so-called Health Maintenance Organizations (HMOs) which help employers reduce health insurance costs by taking the commitment of their hands for a fee and then making "block bookings" for hospital beds. Citicare bet heavily on this sector, where share prices

in order to save money.

Mr Bradley stresses that Citicare is not against technology, "but you've got to buy at the right time." In fact two of Citicare's biggest mistakes have come on the technology side, proving that even the professionals can go wrong.

One company, Healthdyne, offered an alarm system aimed at preventing cot deaths, while the other, Electro-Biology, produced an electro-magnetic fracture healer. Shares in both companies are languishing way below peak levels as, for differing reasons, market confidence evaporated as fast as it grew.

With so many companies to keep tabs on, Citicare believes mistakes are inevitable, but overall performance is more important. Shares in Citicare now stand at about \$14, up \$4 from the initial price. The fund was unfortunate to begin with while the U.S. market was still coming off a high and, despite cautious investment at first,

One of the most important has been participation in a company's initial public offering, allowing money to be made if the shares trade later at a premium, as has often happened. A second has been to invest in companies where takeover attempts are reasonable possibility. Acquirers, particularly European companies, are often prepared to pay handsomely to capture a company with a promising niche or product.

Citicare intends to stick broadly with its present strategy, but other funds are plunging different furrows. Fidelity Select Health Care, for example, was among the stars of the U.S. equity mutual fund scene in the second quarter of 1985 after betting heavily on generic drug company shares.

With new products and services emerging all the time, the funds will have plenty of opportunities to spot new winners — and sustain a few missteps — as the upheavals in the U.S. health care industry continue.

### Legal Notices

No. 004128 of 1985  
IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
Re: HENRY ANSCHUTZ HOLDINGS  
PLC  
AND THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 15th day of July 1985 confirming (inter alia) the reduction of the capital of the above-named Company from £15,807,581.83 to £1,500,000 and the Minutes approved by the Court showing with respect to the capital as altered the several Particulars required by the above-named Act were registered by the Registrar of Companies on the 20th day of July 1985.

Dated the 25th day of July 1985.  
S. ALEXANDER & PARTNERS,  
Solicitors to the Company.

IN THE MATTER OF  
THE COMPANIES ACT 1985  
AND  
LADY YOUNG FASHIONS LTD.

NOTICE IS HEREBY GIVEN Pursuant to Section 688 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 25, New Broad Street, London EC2M 1NN, on Friday 12th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 588 and 590 of the said Act.

Dated this 26th July 1985.  
S. ALEXANDER & PARTNERS,  
Solicitors to the Company.

IN THE MATTER OF  
THE COMPANIES ACT 1985  
AND  
ESSEXGATE LIMITED

NOTICE IS HEREBY GIVEN Pursuant to Section 688 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 25, New Broad Street, London EC2M 1NN, on Friday 9th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 588 and 590 of the said Act.

Dated this 26th July 1985.  
S. ALEXANDER & PARTNERS,  
Solicitors to the Company.

IN THE MATTER OF  
THE COMPANIES ACT 1985  
AND  
GEM STORES (SOUTH EAST) LTD.

NOTICE IS HEREBY GIVEN Pursuant to Section 688 of the Companies Act, 1985 that a MEETING of the CREDITORS of the above-named Company will be held at the offices of Single & Co., Chartered Accountants, 25, New Broad Street, London EC2M 1NN, on Friday 9th August 1985 at 2.30 p.m. for the purposes mentioned in Sections 588 and 590 of the said Act.

Dated this 26th July 1985.  
S. ALEXANDER & PARTNERS,  
Solicitors to the Company.

### Art Galleries

AGNES GALLERY, 43, Old Bond St., W1.  
01-232 0170. Open 10-6. Mon-Fri.  
AGNES, 43, Old Bond St., W1.  
01-232 0170. Open 10-6. Mon-Fri.

MALL GALLERY, 27, St. Andrew's  
01-401 0110. Open 10-6. Mon-Fri.  
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music. 185, Regent St. 01-734 8557.

## Company Notices

### NOTICE OF REDEMPTION MAFINA B.V. US\$40,000,000 8% BEARER COUPON GUARANTEED BONDS DUE 1987

NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Bonds US\$8,000,000 principal amount of said Bonds have been drawn for redemption in the presence of a Notary Public on 22nd July 1985 by Hill Samuel & Company Limited.

The serial numbers of Notes drawn in lots of ten consecutively numbered are as follows:-

0021-0030	1091-1100	2871-2880	5521-5530	6681-6690
0051-0060	1121-1130	2921-2930	5541-5550	6691-6700
0071-0080	1151-1160	2961-2970	5561-5570	6701-6710
0091-0100	1181-1190	3011-3020	5581-5590	6711-6720
0111-0120	1221-1230	3101-3110	5601-5610	6721-6730
0141-0150	1271-1280	3141-3150	5621-5630	6731-6740
0171-0180	1321-1330	3211-3220	5641-5650	6741-6750
0221-0230	1371-1380	3251-3260	5661-5670	6751-6760
0241-0250	1431-1440	3311-3320	5681-5690	6761-6770
0271-0280	1481-1490	3381-3390	5701-5710	6771-6780
0301-0310	1541-1550	3431-3440	5721-5730	6781-6790
0321-0330	1591-1600	3481-3490	5741-5750	6791-6800
0341-0350	1641-1650	3541-3550	5761-5770	6801-6810
0361-0370	1691-1700	3601-3610	5781-5790	6811-6820
0401-0410	1731-1740	3651-3660	5801-5810	6821-6830
0421-0430	1771-1780	3701-3710	5821-5830	6831-6840
0451-0460	1811-1820	3751-3760	5841-5850	6841-6850
0481-0490	1861-1870	3811-3820	5861-5870	6851-6860
0491-0500	1891-1900	3861-3870	5881-5890	6861-6870
0521-0530	1941-1950	3921-3930	5901-5910	6871-6880
0541-0550	1991-2000	3971-3980	5921-5930	6881-6890
0561-0570	2041-2050	4031-4040	5941-5950	6891-6900
0591-0600	2091-2100	4081-4090	5961-5970	6901-6910
0601-0610	2141-2150	4141-4150	5981-5990	6911-6920
0621-0630	2191-2200	4191-4200	6001-6010	6921-6930
0641-0650	2241-2250	4241-4250	6021-6030	6931-6940
0661-0670	2291-2300	4291-4300	6041-6050	6941-6950
0701-0710	2341-2350	4341-4350	6061-6070	6951-6960
0731-0740	2391-2400	4391-4400	6081-6090	6961-6970
0741-0750	2441-2450	4441-4450	6101-6110	6971-6980
0781-0790	2491-2500	4491-4500	6121-6130	6981-6990
0791-0800	2541-2550	4541-4550	6141-6150	6991-7000
			6161-6170	7001-7010
			6181-6190	7011-7020
			6201-6210	7021-7030
			6221-6230	7031-7040
			6241-6250	7041-7050
			6261-6270	7051-7060
			6281-6290	7061-7070
			6301-6310	7071-7080
			6321-6330	7081-7090
			6341-6350	7091-7100
			6361-6370	7101-7110
			6381-6390	7111-7120
			6401-6410	7121-7130
			6421-6430	7131-7140
			6441-6450	7141-7150
			6461-6470	7151-7160
			6481-6490	7161-7170
			6501-6510	7171-7180
			6521-6530	7181-7190
			6541-6550	7191-7200
			6561-6570	7201-7210
			6581-6590	7211-7220
			6601-6610	7221-7230
			6621-6630	7231-7240
			6641-6650	7241-7250
			6661-6670	7251-7260
			6681-6690	7261-7270
			6701-6710	7271-7280
			6721-6730	7281-7290
			6741-6750	7291-7300
			6761-6770	7301-7310
			6781-6790	7311-7320
			6801-6810	7321-7330
			6821-6830	7331-7340
			6841-6850	7341-7350
			6861-6870	7351-7360
			6881-6890	7361-7370
			6901-6910	7371-7380
			6921-6930	7381-7390
			6941-6950	7391-7400
			6961-6970	7401-7410
			6981-6990	7411-7420
			7001-7010	7421-7430
			7021-7030	7431-7440
			7041-7050	7441-7450
			7061-7070	7451-7460
			7081-7090	7461-7470
			7101-7110	7471-7480
			7121-7130	7481-7490
			7141-7150	7491-7500
			7161-7170	7501-7510
			7181-7190	7511-7520
			7201-7210	7521-7530
			7221-7230	7531-7540
			7241-7250	7541-7550
			7261-7270	7551-7560
			7281-7290	7561-7570
			7301-7310	7571-7580
			7321-7330	7581-7590
			7341-7350	7591-7600
			7361-7370	7601-7610
			7381-7390	7611-7620
			7401-7410	7621-7630
			7421-7430	7631-7640

The Bonds redeemed will be paid at the principal amount thereof, together with accrued interest to 1st September 1985. On and after 1st September 1985 interest shall cease to accrue on the Bonds drawn for redemption.

1st August 1985.

### NOTICE OF REDEMPTION ARDAL og SUNNDAL VERK a.s. US\$1,500,000 8 1/2% NOTES DUE 1992

NOTICE IS HEREBY GIVEN, that pursuant to the Terms and Conditions of the Notes US\$1,500,000 principal amount of said Notes have been drawn for redemption in the presence of a Notary Public on 22nd July 1985 by Hill Samuel & Company Limited.

The serial numbers of Notes drawn in lots of ten consecutively numbered are as follows:-







## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
 Telegrams: Finantime, London PS4, Telex: 8954871  
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Thursday August 1 1985

## How Japan can import more

IT IS tempting to take a cynical view of the import liberalisation programme unveiled this week by the Japanese Prime Minister, Mr Yasuhiro Nakasone. Even if they are implemented in full and without hesitation, Mr Nakasone's measures will cause little more than a pinprick in Japan's \$50bn trade surplus. With import promotion or without it, the trade surplus is set to continue rising, to \$58bn in 1986, according to OECD forecasts—and perhaps above \$65bn in the year beyond.

The fact of the matter is that Japan's import barriers are not the most important cause of the enormous imbalances which are beginning to undermine the world's commitment to free trade. Japan's trade surplus has trebled since 1982 despite a steady reduction of import barriers. The main cause has been the surge in exports to the U.S. market. This in turn has been attributable largely to the overvaluation of the dollar against the yen.

Even if Mr Nakasone fulfils his promise of achieving for the Japanese market an openness exceeding that of the international level, Japan will continue to be used as a scapegoat by politicians and industrialists in the West. At best Mr Nakasone's import promotion campaign will win him time, by removing some of the pretexts for protectionism in the guise of retaliation for the world's delays and ambiguities in some of his liberalisation measures could expose Japan to even more suspicious and complaints.

Why are agricultural goods largely excluded from the import promotion programme; why are the cuts in plywood tariffs to be delayed to 1987 and why is there no programme for freeing the interest rates on small bank deposits? The danger is that questions like these will continue to add fuel to the fires of protectionism. In answering them Mr Nakasone will have reinforced the central message of his import promotion campaign with something even tougher and more disquieting.

It is not just that the Japanese people must overcome traditional prejudices in favour of domestic goods and services. They must also accept that free trade will create large-

and continuous upheavals in their economy and society. All countries have experienced large and disruptive structural changes as a result of free trade, but in the medium term all have benefited. Indeed, Japan's penetration of one export market after another has been attributable largely to its impressive and admirable ability to adapt to changes in its comparative advantage against the rest of the world.

## Adjustments

In the immediate future, however, Mr Nakasone himself, and Japanese civil servants, are the ones who will have to accept uncomfortable psychological adjustments. Economic studies are virtually unanimous in concluding that the yen-dollar exchange rate is the root cause of Japan's excessive trade surplus. To a large extent this currency misalignment can be blamed on the mix of fiscal and monetary policies in the U.S. but Japan must accept that it too has played a part. By pursuing fiscal retrenchment regardless of its consequences for domestic demand and the exchange rate, Mr Nakasone has simultaneously weakened the yen and hampered Japan's demand for imports.

His Finance Ministry has freed Japanese institutions to invest their capital abroad, but has failed to deregulate domestic interest rates which might have encouraged them to keep more Japanese savings at home. Mr Nakasone has talked a great deal about deregulating the property market and reforming Japan's domestic utilities to enable the private sector to undertake infrastructure investments in place of the fiscally-constrained public sector, but so far the impact on Japan's domestic demand has been minimal.

Mr Nakasone plans to move faster on all these fronts as part of his import-promotion plan and this is certainly welcome. But if Japan's domestic growth falters in the months ahead—and there are strong indications that it may—the outside world may not be prepared to wait for the long-term benefits of trade liberalisation, deregulation and other supply-side measures. New fiscal and monetary policies will be needed as well.

## Censorship and the BBC

IT IS just possible that the Government had good and compelling reasons to seek to persuade the BBC to drop its planned broadcast on Northern Ireland; so compelling, in fact, that the corporation's Board of Governors felt obliged to accept them when it saw the programme at its special meeting on Tuesday.

There has, after all, been a great deal of genuine controversy recently about the connection between terrorism and its coverage on television. The witness the events at Beirut airport a few weeks ago. The Anglo-Irish talks over future security arrangements in Ulster are also at a crucial stage. It is quite likely that the British Government will shortly have to defy the extreme unionists and say that it is reaching an accommodation with Dublin. It might not have helped if that had been preceded by an interview on BBC television with Mr Martin McGuinness who, however his role is to be defined, certainly has something to do with the IRA.

Those are the potential excuses. They seem to be pretty thin. They will become non-existent unless the Government of the Board of Governors produce some support for them in the very near future.

**Damage**  
 Meanwhile, it is worth concentrating on the damage that has been, is being, and probably will be done. For a start, the Government has silted on the Board of Governors, a television company, a newspaper or a magazine that a certain item should not be produced. The advice may or may not be taken. It should be a matter of discretion between the government and the publishers or of resort to the courts. This Government used a blunderbuss. It is widely believed that senior ministers, including the Home Secretary, had not even seen the programme they were objecting to. That is not the way to attract support in the country.

There is another anomaly in the Government's behaviour. Sinn Féin may be the political wing of the IRA but it is a legal organisation. Northern Ireland elections in the British Parliament. It is very hard to understand why the Government should countenance Sinn Féin councillors and not Sinn Féin

appearances on television. Somewhere the policy has become confused. Not least, it is rather insulting to the British people to suggest that they are incapable of watching an interview with an Irish terrorist without falling for his look, lies and slinks. On the contrary, a few words from Mr McGuinness might well have had the opposite effect.

## Independence

We came now to the Board of Governors. Clearly the corporation is under great pressure from the Government to justify its existence in anything like the kind of way that the Government has used to do. The consequences should not be belittled. The next time an enterprising BBC team produces an exposure of slavery in the Middle East and gulags in the Soviet Union, foreign regimes will be able to tell their own people that the corporation is an instrument of the British Government. It will not be true, but it will sound more plausible than it is. Moreover, once the BBC has caved in to pressures, it will be open to any other pressure group, foreign or domestic, to try again.

There is also the potential effect on the BBC's External Services, admittedly a shoe-string operation, but one commanding great respect. That respect will be much harder to maintain in future. The corporation has plenty of enemies in foreign countries who do not like its tradition of free and open broadcasting. They will not hesitate to exploit present difficulties. Ultimately, one must ask: without independence, what is the point of the BBC? Mrs Thatcher has spoken quite justifiably about the dangers of broadcasting providing oxygen to terrorists. That may have been true in Beirut. In this case, however, she has provided oxygen to censors—and the Board of Governors has acquiesced.

**NEW TECHNIQUES** to protect company profits from the volatile swings of exchange and interest rates are rapidly transforming the life of the corporate treasurer.

A dynamic core of treasurers—themselves relatively new breed in Britain reflecting a more active approach to asset and liability management over the past decade—have enthusiastically embraced the concept of options on currencies and interest rate instruments as an effective method of managing risks.

Options have dramatically increased companies' flexibility in dealing with market turbulence. "You can no longer sit back and say there's nothing I can do about it," says Mr Martin Braxford, treasurer of Cadbury Schweppes. "There is almost always something you can do about it."

An option provides the buyer with the right, but not the obligation, to buy (if it is a "call" option) or sell (if it is a "put") a given amount of a currency at a specified rate on or before a fixed expiry date. The seller or "writer" of the option receives a premium and is obliged to sell or buy the currency if the option is exercised.

It is not just the corporate treasurer's role that is being revolutionised. Options have meant fundamental changes for the foreign exchange and interest rate markets, in the products offered by banks, and for the exchanges upon whose trading floors the volume of options business is currently exploding.

It has also increased demand for a new range of skills. In the foreign exchange dealing rooms of a handful of top international banks, including most of the UK clearing, the young, aggressive dealer who entered the rough-and-tumble market often without a university education, will nowadays find himself sitting beside someone with a doctorate in mathematics, econometrics or even physics.

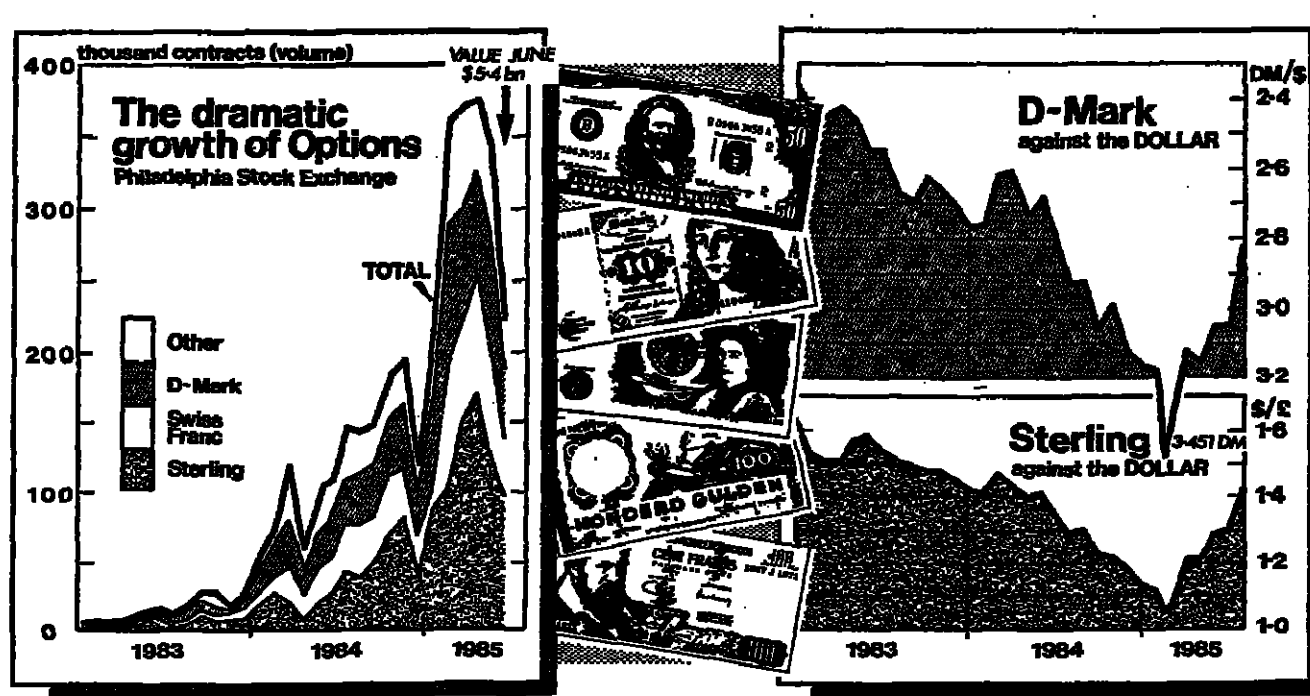
Options have been traded in one form or another since the 17th century though in England they were effectively banned in 1733. They started to attract

## Pricing an option is the art which underlies the market

serious attention after the Second World War in the commodity and equity markets, culminating in the establishment of the Chicago Board Options Exchange in 1973 to trade options on U.S. stocks. The breakthrough towards much wider use came in 1982, when the Philadelphia Stock Exchange began trading currency options. These enabled banks, which wanted to offer options to their corporate customers, to offset the resulting risks they would be taking on.

Currency options are now also traded in Chicago, Montreal, Amsterdam and Sydney as well as in London where the International Financial Futures Exchange (Life) is winning the early rounds of a battle with the recognised marketplace. The craze is spreading rapidly to options on interest rates as well.

Despite the proliferation of exchange-listed options, the market remains for most cor-



## A new option for the corporate treasurer

By Alexander Nicoll

porate treasurers in the hands of a few banks which offer "over-the-counter" (OTC) options individually tailored to the corporate customer's specific need to hedge currency exposures. The advantage of options over the traditional method of hedging on the forward foreign exchange market is the far greater flexibility that they offer, combined with the ability to make windfall profits without losing the fundamental protection sought in any hedging operation.

Jaguar is a case in point. After being spun off from BL into the private sector last autumn, the company foresaw the strong possibility that its profits would be damaged if the dollar fell—more than half its sales are in the U.S. The company adopted the "prudent and conservative" policy of selling its dollar receivables forward, effectively fixing in advance the sterling rate at which its U.S. revenue would be converted.

So far this year, the dollar's fall is making Jaguar's decision look wise. Last year's profits, on the other hand, disappointed analysts because straight-forward hedging had allowed the company to miss out on the potential benefits from the dollar's strength in the final months of the year.

Use of options would have enabled Jaguar to cash in on the dollar's continued rise while still protecting itself from the U.S. currency's eventual fall. Yet the company, asked whether it would consider them, says: "We are manufacturers of motor cars, not currency speculators."

That is the crux of the problem banks face when brokering new instruments with companies and treasurers face when confronting suspicious boards of directors. "The

people who developed options made a terrible marketing mistake," says Mr David Westby, group treasurer of Metal Box. "They should have called it foreign exchange insurance. Option is an unfortunate name for something that reduces risk."

Further discouragement lies in the fact that several of the exchanges now offering options have made their name primarily as marketplaces for futures, which have a speculative image and are seen as unsuitable for corporate use. Add to that the extraordinary complexities which can attach to options—the principle is simple, but strategies and pricing mechanisms cannot be examined without a good computer—and you have what might seem the ultimately dangerous market.

Once this mental barrier is overcome, the treasurer needs to be sure that he is paying a fair price for what is effectively

an insurance policy. He will have to justify paying, say, 6 per cent of the total amount of exposure being hedged as an up-front cost for an option that may never be exercised.

Pricing an option is the art which underlies the market, and which has demanded the recruitment into bank dealing rooms of people with high-powered qualifications. Mostly based on the Black-Scholes formula originally developed for U.S. stock options, pricing programmes essentially take into account the volatility of the underlying market, the time before expiry, and the relationship of an option's "striking price" to the current market price.

If the underlying market—for example, the dollar/pound exchange rate—has been exceptionally volatile of late, then options premiums tend to rise to reflect the heightened risk being taken on by the option

## HOW OPTIONS WORK

**THE TREASURER** of a UK engineering group is concerned about a tender the company has put in for a U.S. contract. The dollar's potential decline during the tender period exposes the company to the risk that the contract, if won, might prove unprofitable.

He buys a sterling call option exercisable at, say, \$1.45, costing 2 cents in the pound. If the contract is won, the worst-case exchange rate at which incoming dollars will be converted into pounds is \$1.45. If the dollar appreciates, making the contract potentially more profitable, the UK company will still benefit by converting the

dollars at a higher rate and allowing the option to expire unexercised.

If the contract is not won, the maximum the company will lose is the 2 cent "insurance" premium. It may even make a profit by selling the option, particularly if it still has a significant time to run before expiry and if exchange rate movements have served to make it more valuable.

Complex strategies with bewildering names such as strangle, straddle and butterfly—involving combinations of options—can be employed. But for most corporate treasurers, simple transactions will suffice.

fed with what they are buying. According to the Chinese Administration for Import and Export Inspection, many of its imported goods, and in particular, those from Japan "fell short of contracted quality" in the first quarter of this year.

Chinese inspectors seized 4,653 batches of imported goods during the quarter because they were not up to standard. The products include pipe hydraulic testing machines supplied to the Anshan steel works.

The Chinese single out the machines as an example, saying these Japanese products were "badly welded, finished, and packed."

In a further example, quoted in the Export Times, the Fuzhou Huafu company in China bought 15 new zip fastening machines for \$210,000. The line worked badly, the Chinese reported, even after the Japanese maker had replaced 200 parts which were "rusted, obsolete, and shaky."

**Frontiers of space**  
 It seems that even astronauts cannot escape the long arm of the immigration authorities. Astronaut—or, in the language of his Press release, "space traveller"—Robert Parker told an audience in Indonesia that the National Aeronautics and Space Administration equips all its astronauts with a bundle of visas for countries "where a landing might be effected due to special error."

Parker was in Jakarta as part of a programme to select an Indonesian for a shuttle flight next June, during which an Indonesian telecommunications satellite is due to be launched. The eventual candidate will undoubtedly be hoping that the ever-efficient NASA will look after all necessary visas—including the exit-entry visa for Indonesia itself which at present costs US\$150 and can take many weeks to process.

## Defenders take the lead

To the victors, the rewards. Last January Powell Duffryn, the distribution and storage group, became that very creature—a company which has faced a takeover bid from Hanson Trust and lived to tell the tale. Its escape was due in no small part to a spirited defence by a management team which won high marks in the City for the presentation of its case.

Yesterday, Powell announced plans for a smooth boardroom change of leadership which takes two key architects of that defence into the top position. David Hubbard, the 49-year-old finance director, is to become executive chairman, while Bill Andrews, 50, the head of engineering and bulk liquids storage, will become chief executive.

They should make a complementary team: Hubbard, who combines an urbane air with an ability to communicate, has good City connections. An accountant by training, he is a former finance director of Cape Industries and joined Powell in 1976 after a three-year spell in the City with Prudential Bache.

Andrews, an engineer, who has worked his way up through Powell, over the past 20 years is a tough, direct man who will take charge of the operational side of the company. The handover will take place at the end of the year, when Lord Sandon, the present non-executive chairman, and John Franklin, the chief executive, step down, though Franklin will stay as director until next July to help the transition.

Franklin, a soft-spoken Welshman and the third member of the successful Hanson defence team, will be retiring a year early, aged 59, to a house in Wales with a large snooker table and lots of local fishing. A delighted Franklin says the timing of the handover is just right: the company has seen off Hanson, met its profits forecasts, generally tightened up its

performance and is moving out of its West End headquarters to cheaper premises in Brick Lane, London, at the turn of the year.

"Inevitably, after a bid, a company takes a close look at itself," he says. Clearly, the hot breath of Lord Hanson concentrates minds.

## Rover scouts

Austin Rover claims it will today enter the cut-throat "C" registration, August car market with more salesmen than any of its competitors. All 38,000 of the company's workers are being offered commission if they can persuade a friend, relative or neighbour to buy an Austin Rover car.

The State-owned company believes its workers, simply by word of mouth, can have an important role in boosting sales in what is the key buying month for the private motorist. But dealers need not be envious of the level of incentives being offered—£20 for replacement of an existing Austin Rover and £40 for switching from another marque. Payment will be in vouchers valid at more than 8,000 stores—"a bit like luncheon vouchers," the company explains.

## In the picture

What Booker and Whitbread have done for writers, Athenaeum Galleries is now doing for artists.

The retailer of contemporary reproduction has put up £31,000 in prize money, including a £25,000 first prize, for the best original paintings of the past two years.

More than 1,600 paintings have been submitted. This month at the Mall Gallery, they



"Looks as though the only way it's going to fly is in ever-decreasing circles..."

will be narrowed down to a "short list" of 300 by Douglas Hall, leader of the Scottish National Gallery of Modern Art, Bryan Robertson, author and Spectator columnist, and Prof. Colin St John Wilson, professor of architecture at Cambridge University. The winner will be announced on September 3.

**Export rejects**  
 Although Japan is enjoying the biggest share of the fast-growing trade between China and the rest of the world the Chinese are by no means satia-

use the forward foreign exchange market.

Those who benefit most are companies with unquantifiable exposure—with sales or expenses abroad that are difficult to predict precisely, or with balance sheet exposures created by foreign subsidiaries. Use of the forward market to cover amounts which turn out to be too little or too great could result in actual losses. Options can be employed to cover contingent exposures.

Four companies, for example, frequently add surcharges to the published cost of holidays to reflect currency movements. Disgruntled customers would do well to ask tour operators whether they had considered using options. If they had, they would have little excuse for last-minute price increases.

Despite their clear advantages, options are still a new market. Although many banks include them in their repertoire, few make a genuine market with fine prices in all the major traded currencies. Options between currencies other than the dollar can be expensive, but they do exist where banks can hedge their exposure in the forward market. Midland Bank claims to have arranged an option between Dutch guilders and Malaysian ringgit.

Though banks do offer to buy back an option before it is exercised, the price given is too low. That may lead them into traded options where prices are visible and market-set, though few would expect to engage in the day-to-day monitoring of positions that would then be required.

Companies with large and active treasury departments are more likely to consider direct entry into the trading floors. Some have also adopted the higher risk strategy of writing options rather than simply buying them. This offers the possibility of receiving premium income on a currency portfolio, but also carries the possibility of unlimited losses, which have deterred most treasurers from currency futures markets.

Increased flexibility in dealing with currency exposure has been accompanied by growing

sensitivity of treasurers to interest rates fluctuations.

Overall, options mark an enormous change in market philosophy. Says Mr Graham Simister, manager of currency money markets at Midland Bank: "We see options as a tremendous new product with as far-reaching effects as the change from fixed to floating exchange rates. Companies' ability to manage risks has been improved significantly, but we expect continuing refinement of the techniques over the next five years."

## BASE LENDING RATES

A.B.N. Bank	11 1/4%	Heritable & Gen. Trust	11 1/4%
Allied Dunbar & Co.	11 1/4%	Hill Samuel	11 1/4%
Allied Irish Bank	11 1/4%	C. Hoare & Co.	11 1/4%
American Express Bk.	11 1/4%	Hongkong & Shanghai	11 1/4%
Henry Ansbacher	11 1/4%	Johnson Matthey Bkrs.	11 1/4%
Amro Bank	11 1/4%	Knowles & Co. Ltd.	12%
Associates Cap. Corp.	13%	Lloyds Bank	11 1/4%
Banco de Bilbao	11 1/4%	Edward Manson & Co.	13%
Bank Hapoalim	11 1/4%	Meghraj & Sons Ltd.	11 1/4%
BCCI	12%	Midland Bank	11 1/4%
Bank of Ireland	11 1/4%	Morgan Grenfell	11 1/4%
Bank of Cyprus	11 1/4%	Mount-Credit Corp. Ltd.	11 1/4%
Bank of India	13%	National Bk. of Kuwait	11 1/4%
Bank of Scotland	11 1/4%	National Girobank	11 1/4%
Banking Belge Ltd.	11 1/4%	National Westminster	11 1/4%
Barclays Bank	11 1/4%	Northern Bank Ltd.	11 1/4%
Beneficial Trust Ltd.	13%	Norwich Gen. Trust	11 1/4%
Brit. Bank of Mid. East	11 1/4%	People's Trust	12 1/4%
Brown Shipley	11 1/4%	PK Finance Intl. (UK)	12%
CL Bank Nederland	11 1/4%	Provincial Trust Ltd.	13%
Canada Permanent	11 1/4%	R. Raphael & Sons	11 1/4%
Cayser Ltd.	11 1/4%	Roxburgh Guarantees	12%
Cedar Holdings	13%	Royal Bank of Scotland	11 1/4%
Charterhouse Japhet	11 1/4%	Royal Trust Co. Canada	11 1/4%
Chonlatens	11 1/4%	S. J. Henry Schroder Wagg	11 1/4%
Citibank NA	11 1/4%	Standard Chartered	11 1/4%
Citibank Savings	11 1/4%	T.C.B.	11 1/4%
City Merchants Bank	11 1/4%	Trustee Savings Bank	11 1/4%
Clydesdale Bank	11 1/4%	United Bank of Kuwait	11 1/4%
C. E. Coates & Co. Ltd.	12 1/4%	United Mizrahi Bank	11 1/4%
Comm. Bk. N. East	12 1/4%	Westpac Banking Corp.	11 1/4%
Consolidated Credits	11 1/4%	Whiteaway Laidlaw	12%
Co-operative Bank	11 1/4%	Williams & Glyn's	11 1/4%
The Cyprus Popular Bk.	11 1/4%	Yorkshire Bank	11 1/4%
Duncan Lawrie	11 1/4%	Members of the Accepting Houses Committee	
E. T. Trust	13%	7-day deposits 8.00%, 1 month 8.50%, Top Tier—£2,500+—13% monthly interest 11.25%, At call £10,000+ names deposited	
Exeter Trust Ltd.	12%	Call deposits £1,000 and over 8 1/2% gross	
First Nat. Fin. Corp.	13%	21-day deposits over £1,000 8.25%	
First Nat. Secs. Ltd.	13%	See Provincial Trust Ltd.	
Robert Fleming & Co.	11 1/4%	Mortgage base rate	
Robert Fraser & Ptns.	12 1/4%	Demand deposits 8 1/4%	
Grindlays Bank	11 1/4%		
Gulnness Mahon	11 1/4%		
Hambros Bank	11 1/4%		

Observer



"One of the dominant themes which emerges is the continuity of policy pursued by the Department of Industry whichever party is in power."

THUS Mr John Redwood, who as head of the Prime Minister's policy unit from 1983, has gazed deeply into the Department's workings and clearly liked them not. Sitting above these workings for the past two years has been Mr Norman Tebbit, Trade and Industry Secretary, who does not like to be told he does things the way any old Secretary of State, be they Tory or Labour, would have done them.

Counting, perhaps, to the end of his tenure at the Department—and widely canvassed as the next Conservative Party chairman—he is satisfied he has changed things: run the DIT in the way a Conservative should. Not at all like, say, Eric Varley, the last Labour occupant of the Industry job.

"First of all I don't sit here and think it's our role to agree plans with companies about how they're going to manage their business. I don't think it's my role to allocate resources round UK industry."

Also (a touch of the polecat Tebbit here) I think it's my role, when I have an argument with Cabinet colleagues, to win it. I think Eric's success in carrying things through was rather on the low side. Particularly when he was right."

Chrysler?

"Yes. I think that the biggest difference is the end you start from. My reaction is that unless there is good reason to intervene, one should not even contemplate it."

But (as a fair-minded man) he concedes that everything he does as Secretary of State is a sort of intervention.

"After all, we intervene in order to avert the abuse of monopolies and cartels. That is a form of intervention of which I entirely approve. I must say I get rather less pleasure in some ways out of intervening to try to persuade people in industry to do the things they ought to be doing in their own best interests—industry support programmes, support for innovation, awareness of technology and design."

All of these things are regrettable—regrettable that a Government department has to do them. In a perfect world it would not, but we don't live in a perfect world."

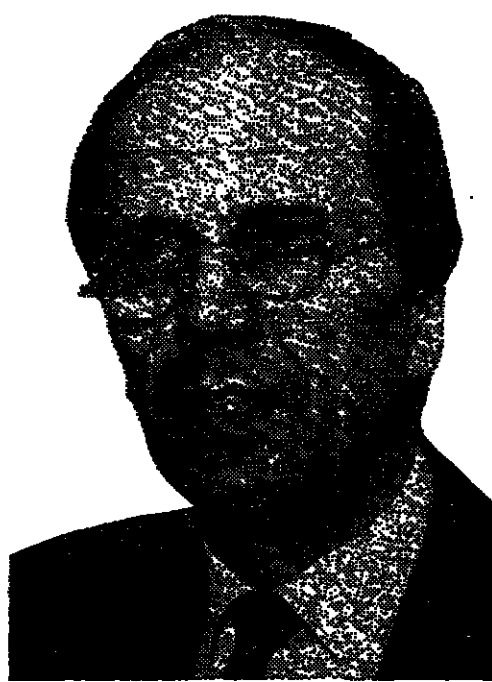
Among the many imperfections in Mr Tebbit's world has been the state monopolies which he has inherited, which have been passed on from Secretary to Secretary—industry support money, never welcomed but never able to be shaken off. BL remains in the state sector. Its losses guaranteed: it will say that way a while. Mr Tebbit says, "It's hard life being 'the commercially viable motor manufacturer in Europe'."

So how is BL to protect it-

## UK trade and industry

# Shape of the Tebbit imprint

By John Lloyd and Peter Riddell



Trevor Humphries

self against this hard life, and survive: will it be part of a Japanese multinational, Honda UK Ltd?

That's not necessarily so, because some of the things that have been changing for it have been changing in rather a favourable way.

Flexible manufacturing systems are closing the gap in cost of production terms. So it's R and D costs that are the real problem, and therefore you can have companies such as BL and Honda sharing a lot of their R and D costs as opposed to actually being combined in all senses.

"I think you have to be pretty big to be absolutely independent. But I think we're moving to a situation where you can survive on a much smaller scale than people thought a little while ago."

That other, slimmer dinosaur, British Steel, will soon present him or his successor with a hard choice: whether or not to close one of the big three strip mills at Llanwern, Port Talbot or Ravenscraig.

The choice, he agrees, is between "being disloyal" to workers who supported BSC through the miners' strike, and "being disloyal to the other workers by burdening them with a very real difficulty."

The EEC requirement on member Governments is to come out of state operating aids for steel by the end of this year: but Governments can go on lending money to their corporations, but the point I'm making is that you must require state aids through the Community, and ob-

viously the nearer we get to zero state aids the better for the working of the Community."

Mr Tebbit's pragmatic separation of the philosophical from the actual applies equally to trade policy, where he has recently given strong warnings to Japan. He believes there are lessons to be drawn from the argument over the extent of subsidies for the Bosphorus Bridge—contract from which, he argues, "nobody emerged entirely staines."

The Government, he concedes, was "not as quick as we should have been in responding to things as they changed."

"But as always there was the problem that if we put an EEC limit on a country, as I am sure one has to, and you have got two or three prospective countries in view at one time, it does make it very difficult to be able to give the answer to people when they ask a reasonable question as to whether they are covered or not, or whether they can get covered."

Mr Tebbit has spent a lot of time over the past year in preparing plans for the supervision of the City's securities markets to be included in the major financial services Bill this autumn.

However, despite recent City scandals, he does not see any need to go beyond the existing plan for self-regulation.

"The other aspect is, of course, when things do go wrong how do you deal with misdeeds? I think that the system which we have gone for of the 'fit and proper person' is a good one because there is

no real problem about dealing with somebody who continues to stay in business when he has been declared to be not a 'fit and proper person' and he has just committed a criminal offence. That is a very straightforward question for the court to answer."

Mr Tebbit maintains an open mind on whether to have one or two boards (investment and marketing). "The one thing I am sure of is that there is always enough work for two boards to do at this stage in organising. We have pretty good systems to ensure that they do not go on diverging paths."

What I have done is to make sure that I not only keep an open mind but also that the structure as it develops is one which could be either dual or single," Mr Tebbit argues.

The City has also been concerned about Mr Tebbit's decisions on competition, but he regards this as one of his achievements. "We have got a competition policy which, while it may not suit everybody, is at least predictable."

"I refer on competition issues. I have not said that I will never refer on any other issues but I think people can see that if there is a competition problem it is going to get referred, and if there is not one it will not get referred."

Mr Tebbit talks throughout as if he is drawing up a balance sheet of his two-year spell at the DIT. He claims to have done a lot for value for money in the Department. He points to a coloured pie chart showing both a drop in the Department's total spending and a switch within the total from support for nationalised industries to scientific and technological assistance. It is obviously one of his party pieces.

More generally, he does not believe that the Government has lost any of its reforming edge following the Cabinet's recent decisions not to go ahead for the moment with housing rent de-control, with student fees or with the abolition of Wages Councils.

As ever the realist, Mr Tebbit regards the decision to exempt young people as a "big step forward. A few years ago nobody would have believed that anybody could lay a finger on a wages council without the world coming to an end. I think we got most of what we wanted."

With a possible eye on his much-rumoured shift to become chairman of the Conservatives in early September, Mr Tebbit hopes that "over the next year or two we have a somewhat better presentation of what we have done. Look at all the things that have happened that have been absorbed and that are a part of the good thing in some cases. They have really been built into the culture."

## Lombard

# Top people's pay: envy versus backscratching

By Samuel Brittan



Sir Robert Armstrong

MY FIRST reaction to the Armstrong—Report on Top Salaries, was that this was a perfect example of top people scratching each other's backs and taking the Prime Minister in en route.

But even if the report had been entirely satisfactory and established an impeccable market case for its recommendations, there would still have been an uproar.

The popular hue and cry is that when the Government is calling for pay restraint all round, it is allowing "top people" to set an intolerably bad example.

Where, on the other hand, does not need to call for "restraint all round." There is no national pay norm of the kind the Wilson, Heath and Callaghan governments fell down trying to enforce. Nor do our economic problems call for one.

What they call for is a move towards market-clearing rates of pay, where there is a surplus of labour, as among the young people hitherto covered by wages councils, pay rates need to come down to encourage more jobs.

Where, on the other hand, there is a scarcity of particular kinds of labour, pay rates need to rise and this, too, will encourage jobs.

The constraints on public-sector pay arise not from norms or pay restraint, but from the need to regulate public spending.

The existence of a public-sector "pay factor" of 3 per cent as a separate element within cash limits has always been a mistake. It would be better to have one set of cash limits for all categories of public expenditure, and avoid all suggestions of a "norm."

There will, however, always be a trade-off between public-service pay levels and the amount of services provided.

If the National Health Service, as a result of wage negotiations, pays more than market rates for certain categories of workers, then, so long as there are any expenditure limits at all, the amount of health care provided will be less than it could be. So will public-sector employment.

Nor is this hypothetical. Official reports that outside London pay for Health Service clerical and unskilled staff is way above prevailing levels for

civil servants, officers and judges of which there was evidence of a shortage at current pay limits was circuit judges. But this did not prevent Plowden recommending large increases across the board, with by far the largest increases going to those at the very top.

The lowest civil service grade covered was that of an under-secretary, who earned £30,385 per annum up to July 1. If he has been one year in the grade his pay will rise on March 1 1986 to £32,500, an increase of 7 per cent.

On the other hand, the pay of the Head of the Home Civil Service (a post occupied by Sir Robert himself) will rise 46 per cent from £51,250 to £75,000. The Chief of the Defence Staff and the Lord Chief Justice will be paid at the same level.

The whole atmosphere of the Plowden Report is that of Establishment figures conscious of their own worth and trying to do their best for kindred spirits at the top of the public service.

The main grounds given for the awards were that civil servants' morale was "at an exceptionally low ebb" and they felt they had declined in public and ministerial esteem.

The only shadow of an economic case was that some of the more able junior and middle ranking officials (not covered by Plowden) whose jobs brought them in contact with industry and finance had departed. The implicit argument is that assistant secretaries or principals will be so enchanted by high rewards 15 to 30 years later that they will stay.

When I asked one such promising young official whether the Top Pay awards had improved his morale, his reply was: "Hell, no. It will help like the banning of unions at GCHQ, the other major initiative with which Sir Robert was associated."

But what would improve morale? "Easier movement, both outwards and back in again. Promotion less tied to age. The public advertisement of all key posts." I was told.

The new awards will not even satisfy top administrators or make them less critical of Thatcherism. On the contrary, there are already signs that many of them feel guilty and uneasy at once more being subject to public ridicule and abuse.

## VAT and free ports

From Mr J. HUI, MP.  
Sir,—You call attention (July 24) to my involvement with the concerns of the operators of Britain's first free ports, which have now been open for a year.

You point out that rigorous application of VAT has been found to be an unnecessary burden to the fulfilment of Parliament's original intention which initially was the creation of almost all small island economies like Singapore or Hong Kong where trading and manufacturing could flourish. Your article also suggests that our free ports are free of Customs duties. This is unfortunately not entirely so, and neither are they free in practice of excise duty.

The application of VAT is probably most damaging in preventing the establishment of commodity trading zones entirely free of VAT. But VAT is also applied to UK sourced components used in manufacturing in free zones and even applied again if an assembly using that component is re-exported to the UK. This militates against a manufacturer using UK produced components rather than imported ones.

Customs duties are, in fact, applied to some components used in manufacturing and also applied to machine tools used exclusively in manufacturing in a free zone.

In practice it is impossible for a freeport to offer exemption from excise duties because of the interpretation put on the original legislation. Bonded warehouse status is not accorded to free zones if similar bonded status is afforded by existing facilities within a vicinity of at least 40 miles.

Our original vision is being crushed by a zealous bureaucracy which is understandably determined to block loopholes and prevent the original idea to become a reality and unless changed must see the demise of all six free zones.

James Hill,  
House of Commons, SW1

## Sensitivity at the Town Hall

From the Deputy Director of Finance, Bolton Metropolitan Borough.

Sir,—I always read with interest your occasional feature "Report from the front line" by the finance director of a medium sized engineering company in the North West. There has been the odd side-swipe at

## Letters to the Editor

unsympathetic local authorities in the past, but I have taken that in good spirit as being part of the standard tension between private and public sectors of the economy. I was dismayed, however, to see in the latest article (July 26) the assertion that "the imminent closure of our factories four years ago brought a demand from our local authority for increased rates." I cannot believe that any local authority is so crass as to make that sort of response to a firm in trouble, and I suggest that the two events, even if correct, cannot have been connected in the cause-and-effect manner that your anonymous finance director implies. We are, sir, a little more sensitive to our local economy in this part of the world than that!

B. G. Aldred,  
Town Hall,  
Bolton.

## Housing in Scotland

From the Director, Scottish Campaigns for the Homeless.

Sir,—For anyone concerned about homelessness and the housing crisis in Scotland, reading the major recommendations of the inquiry into British housing, chaired by the Duke of Edinburgh, will come as a grave and bitter disappointment.

It is clear that while the report team is keen to say that the new housing allowance will mean no extra cost to the Exchequer, no such assurances are forthcoming for mortgages and tenants. Indeed, it is certain that for the vast majority of tenants and mortgages there will be a sharp increase in housing costs which will not be met by the new allowance. Nor will this increase in housing costs lead in any direct way to any increase in capital investment in housing, merely the hope that the private sector will be stimulated to invest more. For the inquiry the solution to the present housing crisis rests on this very shaky proposition.

A number of different organisations in Scotland, in providing evidence to the inquiry, called for greater public investment in housing. There is no doubt that such direct public capital investment is desperately needed, yet this request is ignored. With regard to funding for council housing, the inquiry report simply suggests that one way or another, from source or source, more

resources must be made available to tackle the growing problems facing the council sector. But where will the much needed resources come from? "After much discussion we have decided not to examine in detail the possibilities of advocating a major increase in public sector investment but rather have concentrated on ways in which private investment might be attracted into rented housing."

For homeless families and single people; for the hundreds of thousands of Scots living in houses in need of major modernisation and repair; for the 300,000 Scots living in damp houses officially recognised as a health hazard, this brave, radical report will bring no joy. Proposals that call for increases in the housing costs of tenants and managers alike will lead to private investment solving the housing crisis, deserve short shrift. Not surprisingly, Frances Hamilton of the Scottish Tenants' Organisation (there were no tenants on the inquiry team) says the report is "not even worth the paper it is written on."

Noel Dolan,  
65 Cockburn Street,  
Edinburgh.

## Qualms about pay inequities

From Mr C. Crook

Sir,—Anatole Kaletsky's short article on wealth creation and top pay (July 25) clocked an impressive score of elementary economic fallacies. The one I liked best was the idea that "trading in secondary markets for stocks or currencies is mostly a zero-sum game—one man's profit is another's loss."

This is like saying that trading bananas is a zero-sum game: after the trade the buyer has gained some bananas and lost some money, and the seller has an exactly matching loss and gain, so nobody is better off. In fact, of course, both are better off. It's a surprise to see a writer in the FT defending the idea that there are no gains from free exchange.

Salaries are high in the City partly because of restrictive labour practices one reason why liberalisation has met such resistance there. (It is hard to account for that resistance if Mr Kaletsky is right, and liberalisation is just a conspiracy by financial types to get rich by increasing the volatility

of markets.) But even without restrictive practices, people will make a lot of money because their customers value their skills. That, presumably, has something to do with economic productivity.

Incidentally, I share what I take to be Mr Kaletsky's moral qualms about pay inequities, and I am in favour, for example, of more ambitious redistribution through the tax system to do something about them. But it's crass, and a bit of moral cowardice, to dress up such qualms as technical arguments about efficiency.

Clive Crook,  
6697, Fairfax Road,  
Chevy Chase,  
Maryland, 20815, U.S.A.

## Accounting for small firms

From Mr P. Dickerson.

Sir,—It is unfortunate that your report on accounting for small firms (July 26) was published under a misleading headline and first paragraph. It only becomes clear to those who take the trouble to read the remainder of the article that the London Society of Chartered Accountants meeting was divided on whether the statutory audit should be retained for small companies, with well reasoned cases being put forward by both those who supported and objected to abolition.

The clear message, which was endorsed by all who spoke, was that the chartered accountants had no doubts that the present accounting requirements for small companies were a significant and unnecessary burden. I hope that the Department of Trade and Industry representatives who attended the meeting fully appreciated that message and will return to their offices determined to effect major simplification to the complex accounts which small companies are at present required to present to their members.

The arguments for and against changes in the audit requirements are much more finely balanced, and the DIT will be well advised to consider seriously the benefits of retaining the audit and to balance these against the costs involved before rushing headlong into abolition.

P. J. Dickerson,  
Howard Tilly & Co.,  
1, New Oxford Street, WCI.

## Experience tells

From the Managing Director, Heathrow Business Centre.

Sir,—When will it be grasped that almost everybody who has employed anyone will do almost anything to avoid repeating the experience?

Roger Penlington,  
Terminal 2,  
Heathrow Airport,  
Hounslow, Middlesex.

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# FINANCIAL TIMES

Thursday August 1 1985

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William Hall in New York looks at GM's decision to build its new car in sleepy Tennessee

## Why states promised the moon for Saturn

IT WAS one of the best kept secrets for years: where would General Motors, the world's biggest industrial company, put its Saturn plant, which will build its first completely new brand of car since the First World War.

Saturn will be GM's first new domestic nameplate since it rolled out the first Chevrolet in 1918. The company is betting heavily on a combination of new technology and a revolutionary agreement with the labour unions to enable it to overcome the \$2,000-a-car cost advantage that has enabled Japanese producers to take such a large chunk of the U.S. small-car market.

General Motors' new \$3.5bn car plant has been the most sought-after industrial project for years. For the past seven months a popular guessing game in city halls and state capitals across the country has been spotting the new plant's location. On the basis that what is good for General Motors is good for America, local officials have been falling over themselves trying to catch GM's eye.

Half the state governors in the U.S. trekked to Detroit to plead their case. According to GM officials, they suggested more than 1,000 sites and provided enough information to fill 20 large filing cabinets.

The 6,000 new jobs and the \$200m annual payroll which come with the new plant are important, but the real reason for the concerned lobbying is that GM's choice is like a Good Housekeeping "seal of approval". Where

GM treads, others are likely to follow.

Schoolchildren were encouraged to write letters begging GM to put the plant in their state. Youngstown, Ohio, which is struggling to recover from the decimation of the local steel industry, set up a "We want Saturn" committee, which hired billboards on the Detroit freeway to get their message across to GM executives on their way to work.

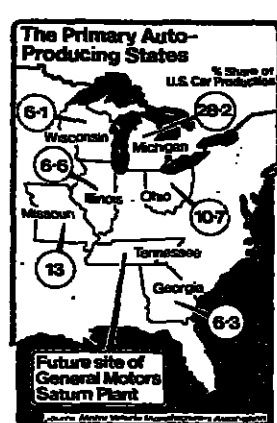
The state of Michigan, long the home of the U.S. auto industry, promised to meet or beat any other state's offer.

Kansas City earmarked \$260m in economic incentives and New York's Governor Mr Mario Cuomo offered \$1bn in free hydro-electric power as the bidding war for the Saturn plant escalated to circus-like proportions.

GM had hoped to announce its decision early in April, but as it was delayed with fresh information, the decision was pushed back week by week and local newspapers assigned teams of reporters to try to crack the secret.

About a month ago the highly respected Automotive News disclosed that a Nashville lawyer who had played a key role in buying land for Nissan's new truck plant in nearby Smyrna, Tennessee, had bought options on 1,000 acres of farmland in a rather sleepy and scenic corner of Tennessee about 30 miles south of Nashville.

GM kept everyone guessing until the last moment and there were strong rumours that Kalamazoo,



Michigan, which is closer to GM's suppliers, might be chosen. Sherman, Texas, and Shelbyville, Kentucky, were also frontrunners. On Monday, GM confirmed that it had chosen the hamlet of Spring Hill, Tennessee (population 1,094), as the Saturn site.

GM has been exceedingly diplomatic since then about why it turned down so many attractive offers and chose this unknown site, which does not even rate a mention in the Mobil Travel Guide.

Mr William Hoglund, Saturn's president, said GM used "15 critical disciplines" in its search for the best location and more than 60 different factors were considered before Spring Hill was identified.

"Spring Hill offered the best balance of all those factors for the Saturn complex, but every project has different needs," Mr Hoglund

emphasised that GM had made every effort to avoid a "bidding war" by keeping various state and local proposals strictly confidential. He had ordered his executives not to talk about alternative sites and to burn sensitive files.

Tennessee, which likes to call itself the "Flagship of the Sun Belt," is within one day's delivery (500 miles) of 76 per cent of main U.S. markets. Mr Hoglund has conceded that "freight is the single biggest economic factor" in plant siting decisions.

"Freight costs get out of sight once you get out of the central part of the country."

The Saturn plant will be close to three main interstate highways, which intersect at Nashville. Tennessee is the home of the Tennessee Valley Authority, the country's biggest electricity producer. It also has a strong work ethic which appeals to the dozens of foreign companies which have flocked there in recent years.

How much money Tennessee officials promised GM in the form of tax breaks and other financial assistance remains a closely guarded secret, but state and company officials emphasise that that was not the deciding factor. Indeed, they still have to talk about items such as access roads, education and the cost of taxes, water, electricity, natural gas and sewers.

Mr Lamar Alexander, Tennessee's Republican Governor, who helped to lure Nissan to the state

four years ago, said his state did not engage in "bidding wars" like some other states. He said Tennessee had done nothing for Nissan except help to pay for job training. Rival state officials are sceptical.

Mr David Hesley, an analyst with Drexel Burnham Lambert, said GM's choice of Tennessee was done simply on a cost basis. "The South is attracting a lot of non-union auto suppliers whose costs are low. A lot of things that are going to go into Saturn will be bought by GM, not built by GM."

GM's Saturn project is also an important test for the United Auto Workers' Union (UAW). Tennessee is a "right to work" state, which means workers do not have to belong to a union if they want to work in a union-organised plant. That is believed to be one of the key reasons why Nissan, the big Japanese car maker, chose to locate its first U.S. manufacturing plant in the state.

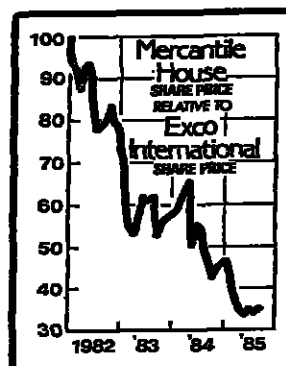
The UAW would likely like to organise the 2,000 workers at the Nissan plant and the new Saturn complex, which will cost about six times more than a normal car plant, will give the union a chance to prove itself to both GM and Nissan's non-union workers.

Mr Donald Ephlin, a UAW vice-president, said: "The important thing is that we can demonstrate that we can build small cars competitively here in the U.S. in not only a union plant but in the most union-involved plant in the country."

Record loss for AMC, Page 15

## THE LEX COLUMN

### When two and two make three



To judge from the public pronouncements of City revolutionaries and from the salaries on offer to anyone who can handle both a telephone and a pocket calculator, broadly based financial services companies stand an excellent chance of success in the markets of the future. But while the chairman of these embryonic institutions are advertising the merits of their individual strategies, the stockbrokers and fund managers whom they now employ are delivering a very different judgment on the prospect of making a profit.

Mercantile House is as advanced as any UK financial group in the process of integrating services and personnel. It has a clearly defined strategy and an enviable track record. The results for the year to April, on which the group reported yesterday, were admittedly nothing to shout about. Profits fell 8 per cent to £36.2m pre-tax, despite a substantial translation benefit from the stronger dollar, and earnings per share dropped by roughly the same amount even after a much lower tax charge.

But, the dollar permitting, Mercantile can look forward to a substantially better performance this year. The U.S. fund management operation has plugged an important gap in its product portfolio, the discount house can expect a return to profits and the Wall Street securities trading business should see a revival of retail interest. A profits increase of 20 per cent or more would be no surprise.

Yet, as an investment, Mercantile House has been little short of disastrous. Even after a 7p rise to 247p yesterday, the shares were trading on a prospective yield of 8.7 per cent - almost double the average for the FT Industrial Group - and were offering a multiple of less than six times likely 1985-86 fully diluted earnings. The share would arguably be lower still but for the persistent takeover speculation. Mercantile, according to the market, has a break-up value of almost 400p per share. Far from adding value to the company, the integration of individual financial companies seems in this instance to have created a substantial discount.

Mercantile is perhaps a special case. Net tangible assets of roughly £120m may not be sufficient for a group which is stretched both operationally and geographically. Yet on all but the most pessimistic prognosis, Mercantile has sufficient capital for its present plans. The glibly edged operation could absorb £25m but the discount house has surplus capital and the stockbroking arm will not be making markets in UK equities except in a very limited fashion.

The most instructive comparison is with Exco, which, as the accompanying chart demonstrates, has been outperforming Mercantile ever since the City began seriously to contemplate the future structure of its markets. Exco has been conspicuous by its reluctance either to elude a strategy or to take part in the auctions of stockbrokers and discount houses. Mercantile may of course be proved right in the end. But, in stock market terms, it has a lot of catching up to do.

#### Rand

Yesterday demonstrated just how fragile the South African rand has become. In one morning, it lost 11 per cent against a weakening dollar on the rumour that a smallish operation of a U.S. bank was planning to disengage from Johannesburg. More rumours followed, some of them so outlandish as to test the credibility even of a nervous foreign exchange dealer.

The fall may have been started by speculators, but importers with dollars to cover moved in smartly, exacerbating the problem. The last time there was a serious run on the rand, the two-tier system helped to protect those who used the rand for trade, so the commercial rand fell much less than the financial rand.

The Government will obviously be reluctant to reintroduce stricter controls on its currency. Not only would such a move involve a loss of face; it would also be a thoroughly regressive step after the liberalisation of the last two years. Yet there must surely come a price at which

passive resistance is shown to have failed. Meanwhile, the depreciation will wreak havoc with the Government's strict anti-inflationary policy and will bump up interest payments on the country's \$23bn debt.

If it does reintroduce the two-tier system, the financial rand would almost certainly open well below the commercial rate. All of which makes the holding of South African shares deeply unattractive; mitigated only by the fact that people would be able to buy them at the financial rate and earn dividends in more valuable commercial rands.

#### Short takeovers

The discovery that a takeover bid can be decided by short selling in the market - yesterday confirmed by the courts in the case of Cartwright versus Tonks - has all manner of strange implications, mostly rather unpleasant. Most of all, it demonstrates that there are clashes of principle, as well as of interest, that are bound to be more frequently exposed as the triple-capacity market comes into existence yesterday's refreshing news that the investment arm of S. G. Warburg had shown its independence by selling Debenhams shares against the interests of Warburg's corporate client, Burton, does not remove the underlying worries.

The root of the problem is that the market bargain in which Tonks bought the offending shares has to be treated in law as a valid contract. Otherwise some basic assumptions of stock market trading would go by the board - particularly the idea that if you buy shares in the market you gain the beneficial ownership, whatever the cost.

But taking this to its logical extreme now seems to suggest that takeovers could in principle be won by anyone who is prepared to buy 25 per cent of a company. Sell that stake through the market to a friendly institution for ascent, buy back for the closing date, and you have the necessary 50 per cent; it is just unfortunate if the short sale has temporarily swollen the number of shares in the market to 125 per cent of those actually in issue.

Try to stop this by ruling out short sales in bids, or by stipulating that market purchases only count if proved by certificates, and the absurdity is merely turned upside down: with that sort of rule the hostile takeover bid would ever succeed.

## Brussels fines UK over milk pricing

By Ivo Dawney in Brussels

THE EUROPEAN Commission last night fined Britain £6.8m (\$6.8m) for offences under the Community's milk pricing rules in 1980-81.

London might face fines of a similar size for the three following years when a two-tier pricing system, deemed to discriminate against milk imports, was in force. The Commission also handed down substantial fines for other member states during the annual clearing of agricultural accounts. Those include Ecu 30m sought from the Netherlands for a skimmed milk policy said to be illegal under EEC rules, and a further Ecu 8m from the Hague for illegal overfilling.

There were also demands against Denmark, Belgium, Italy and Ireland, for mispaid farm spending.

The EEC's financial controller originally claimed all UK milk payments from Community funds amounting to a massive Ecu 744m to be repaid for the year 1979-80. Although that was later dismissed on technical grounds, Britain feared its legal position would be weaker for the following years.

It drew, therefore, the Commission's attention to breaches in farm payment rules by its Community partners in the hope that the matter would prove sufficiently complicated to be dropped.

The Commission has decided, however, to act on all legally dubious payments. But the sums involved have been substantially reduced to reflect estimates of the financial advantages thought to have been gained by the alleged malpractices.

Britain and the other offending member states may attempt to challenge the decision in the European Court. Alternatively, they could argue simply for a reduction in the amount of money being claimed. But in the case of the UK's two-tier milk pricing, which created unique incentives for British dairy farmers to sell to the retail trade unavailable for other Community producers, the case looks weak.

● The commission failed last night to reach a conclusion on plans to reduce the level of member states' subsidies for the coal industry.

## Colgate-Palmolive in \$442m defensive share buy-back plan

By Paul Taylor in New York

COLGATE-PALMOLIVE, the U.S. household and personal care products group, yesterday announced a corporate restructuring involving the planned sale of certain operations outside its core businesses. The group said that should generate \$260m - together with a share buy-back scheme of up to \$442.5m.

The actions, which the New York-based group said were designed to refine its long-term strategy and provide shareholders with a cash premium, come amid recurring bouts of Wall Street speculation that Colgate-Palmolive might be a takeover target.

Late last year, Colgate-Palmolive enacted a series of anti-takeover measures after Sir James Goldsmith, the Anglo-French financier, was rumoured to have built up a 2.5 per cent stake in the group and made a filing under the Hart-Scott-Rodino anti-trust regulations seeking to be allowed to increase his stake to more than 10 per cent.

The asset sale, coupled with the repurchase of up to 18 per cent of the group's outstanding 62m shares, is seen on Wall Street as part of Colgate's defensive strategy.

The group's shares fell 5% to \$28 in heavy trading after the announcement.

The share repurchase scheme, to be launched today, will involve a tender offer for up to 12m shares at \$29.5 each. Mr Reben Mark, president and chief executive, said Colgate "may decide to purchase up to an additional 5m shares."

The company, which has been struggling to reverse a three-year slide in earnings, reported net income last year of \$71m on sales of \$4.5bn after taking a \$114m charge in the fourth quarter to restructure its worldwide manufacturing operations.

Colgate-Palmolive is the second largest domestic detergent maker.

Its chief products include Ajax cleanser, Colgate and Ultra Brite toothpaste and Palmolive soaps.

Mr Mark said the sale of assets would involve certain operations "which do not fit into our long-term strategy" of concentrating on its core household and personal health care segments.

The businesses being put up for sale are the group's Brite Athletic and Brite subsidiaries, which produce running shoes, athletic clothing and equipment; Riviana Foods - excluding the Hills pet foods subsidiary - and parts of its Kendall unit, including its textile woven fabrics division and some of its non-health care operations.

Mr Mark said the units were soundly managed and profitable but "simply do not fit within the Colgate-Palmolive strategy for future growth." The sales would be for cash and should be completed by the end of this year.

## New bid to salvage European fighter

By Bridget Bloom in London

ARMAMENTS directors from the five nations involved in plans to build a new European fighter aircraft are to meet in Turin today in the latest effort to prevent the project from collapsing.

Today's meeting will be the second held in just over a week by the senior arms officials from Britain, West Germany, Italy, France and Spain. In Madrid, they failed on July 23 - as they have before - to find a compromise on the new fighter, which is designed to replace in the early 1990s a variety of combat aircraft currently in service with the five forces.

So much is at stake politically in the project, which would be the biggest collaborative venture ever undertaken by Europe's aerospace industries, that the governments of the five nations have so far been unwilling to admit that the gap on the nature and role of the new aircraft is unbridgeable.

In negotiations over the past year Britain, West Germany, Italy and Spain have agreed on feasibility studies for a 9.5 to 10-tonne aircraft designed for an air superiority role, while France has opted for a lighter, less powerful type, maximised for ground attack.

In London last night, the purpose of the hurriedly arranged meeting was said to be to try yet again to find a five-nation compromise. However, it was being suggested in Rome that if that compromise again eluded the armaments directors, the majority might decide to recommend that their ministers go ahead with a four-nation project. Such an outcome would obviously need to be endorsed by ministers.

## U.S. leading indicators up 1% in June

Continued from Page 1

Private economists yesterday welcomed the rise in the index as confirming their belief that at least a modest rebound is likely in the months ahead. They warned, however, that the June figure remained subject to substantial revision and that too much should not be read into a single month's performance.

Six of the 10 indicators for June were positive, including the formation of new businesses, the money supply, stock prices, the length of the average working week, orders for factory equipment and raw materials prices. There were negative orders for consumer goods, claims for unemployment benefits and building permits - and the tenth, the pace of deliveries, was unchanged.

The separate figures for factory orders were boosted by a 25.1 per cent increase in defence orders in June, following an even larger 43.1 per cent rise in May. Without the defence orders, overall orders for manufactured goods would have risen by 0.9 per cent in June and 0.7 per cent in May.

## Monsanto to sell £75m of North Sea assets

By Dominic Lawson in London

NORTH SEA assets worth about £75m (\$105m) are being put up for sale by Monsanto, the fourth largest U.S. chemicals company. Monsanto last month agreed to pay \$2.7bn for G. D. Searle, the U.S. pharmaceutical group, and has decided to raise some of the money by selling its oil and gas interests.

One of Monsanto's most highly regarded oil assets is a 38.3 per cent stake in North Sea block 15/21A, which it operates. The block contains two oil fields, known as Rob Roy and Ivanhoe, which contain recoverable reserves of about 85m barrels of oil.

The UK Department of Energy is soon expected to give Monsanto the go-ahead to develop the fields, at a cost of about £350m. At a meeting last month, Monsanto told Mr Alick Buchanan-Smith, the Energy Minister, that the fields would be put up for sale. However, provided the purchaser of Monsanto's stake is an oil company with experience of developing North Sea fields, there are unlikely to be any objections from the Department of Energy.

Wood MacKenzie, the stockbro-

kers, estimate that the Monsanto stake might be worth up to £75m. Monsanto's other North Sea blocks are not thought to be of great value. However, the company will be seeking a larger sum for the whole than £75m.

It seems most likely that Monsanto will attempt to sell its entire oil and gas assets to one bidder, thus diminishing the interest of all but the largest oil companies.

Mr Anantha Raman, a U.S. chemicals company analyst, said yesterday that Monsanto's oil and gas assets had a book value of \$580m, but might fetch at least \$700m.

The Monsanto deal is the largest of several recent North Sea asset disposals prompted by international mergers.

Phillips Petroleum is auctioning its stake in the North Sea's T-Block, and should receive at least £30m. Meanwhile, BTR, the UK industrial conglomerate, revealed yesterday that it had sold the North Sea assets of its Tilling, which it acquired in 1983, for £5m to Trafalgar House.

## Rand plunges by 10%

Continued from Page 1

als for the victims of political violence, and also banned political speeches at funerals, which had become almost the sole legal rallying point for anti-apartheid supporters.

Dr Beyers Naude, the general secretary of the South African Council of Churches, said black communities would view the restrictions with "deep displeasure."

Reports of unrest around the country continued, with the now familiar episodes of stone-throwing by black protesters and vigorous responses from armed police and army units. Attacks also continued on the homes of black township council-

ors who are cast in the role of quislings by black opposition groups.

Ivo Dawney writes in Brussels: The EEC Commission said the imposition of economic sanctions against South Africa would "become inevitable" unless there was a fundamental change of South African Government attitude to the black demands.

In its most outspoken attack on apartheid, a Commission statement said the Community had to prepare itself to face the likelihood that economic measures would have to be applied.

## World Weather

Acco	12	10	10	12	10	10	12	10	10
Adelaide	18	15	10	18	15	10	18	15	10
Africa	20	15	10	20	15	10	20	15	10
Amesbury	15	10	10	15	10	10	15	10	10
Amsterdam	12	10	10	12	10	10	12	10	10
Ankara	18	15	10	18	15	10	18	15	10
Antwerp	15	10	10	15	10	10	15	10	10
Arcadia	12	10	10	12	10	10	12	10	10
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## JOBS COLUMN

## Fine overall, but odd signs in the shadows

BY MICHAEL DIXON

COULD anything be worse than living in a country dominated by a contemptible oligarchy of glib economists? Coleridge, who wrote the words quoted, did not think so. By comparison, he added, "the worst form of aristocracy would be a blessing." But I cannot help feeling that even glib economists might be preferable to a preponderance of smooth management consultants.

Either way the UK's prospects would seem a little worrying—as witness the hefty table alongside.

It is drawn from the Hay-MSL consultancy's last two quarter-year counts of job advertisements for managers and senior specialist staff which appear in leading UK papers. The counts for January to March, and for April to June — which Hay-MSL has kindly rushed out especially for the information of Jobs Column readers — of course add up to a measure of the advertised demand in the first half of the year.

The higher-level jobs in question are classified under eight headings: research, development and design work; sales and marketing; production; accounting and finance; computer-centred work; general management; personnel; and "others" whereby hangs a tale.

But first let's look at the grand totals represented by the three lines of figures at the bottom of the table, which cover the first half of the years from

		1985		1984		1983		1982		1981	
		Posts	% of	Posts	% of	Posts	% of	Posts	% of	Posts	% of
		adver-	total	adver-	total	adver-	total	adver-	total	adver-	total
		tised	market	tised	market	tised	market	tised	market	tised	market
R & D	Jan-Mar	2,042	17.6	1,972	18.5	2,022	22.2	1,188	18.0	624	13.4
	Apr-June	1,735	16.6	1,928	19.2	1,752	21.0	956	17.1	705	14.9
	Jan-June	3,777	17.1	3,900	18.9	3,774	21.6	2,144	17.5	1,329	14.1
Sales & marketing	Jan-Mar	1,794	15.4	2,114	19.9	1,803	19.8	1,263	19.1	896	19.3
	Apr-June	1,798	17.3	1,669	16.6	1,576	18.9	1,169	20.9	945	20.0
	Jan-June	3,592	16.3	3,783	18.3	3,379	19.4	2,432	19.9	1,841	19.6
Production	Jan-Mar	2,031	17.5	1,794	16.8	1,606	17.6	1,090	16.5	680	14.6
	Apr-June	1,811	17.4	1,759	17.5	1,443	17.3	968	17.3	697	14.7
	Jan-June	3,842	17.4	3,553	17.1	3,049	17.5	2,058	16.9	1,377	14.7
Accounting	Jan-Mar	1,948	16.8	1,665	15.7	1,306	14.4	1,095	16.5	1,028	22.1
	Apr-June	1,706	16.4	1,406	14.0	1,267	15.2	941	16.8	971	20.5
	Jan-June	3,654	16.6	3,071	14.9	2,573	14.8	2,036	16.7	1,999	21.3
Computing	Jan-Mar	1,289	11.1	1,042	9.8	842	9.3	443	6.7	357	7.7
	Apr-June	1,865	10.2	1,174	11.7	738	8.8	518	9.3	277	5.8
	Jan-June	3,154	10.7	2,216	10.7	1,580	9.0	961	7.9	634	6.8
General management	Jan-Mar	343	2.9	396	3.7	348	3.9	313	4.7	256	4.4
	Apr-June	361	3.5	333	3.3	334	4.0	340	6.4	191	4.0
	Jan-June	704	3.2	729	3.5	682	3.9	653	5.5	397	4.2
Personnel	Jan-Mar	367	3.2	289	2.8	184	2.0	144	2.5	113	2.4
	Apr-June	231	2.2	270	2.7	249	3.0	104	1.9	107	2.3
	Jan-June	598	2.5	559	2.5	433	2.5	248	2.2	220	2.3
Other	Jan-Mar	1,670	14.1	1,415	13.3	985	10.8	1,641	16.0	752	16.1
	Apr-June	1,705	16.4	1,695	15.0	981	11.8	574	10.3	845	17.8
	Jan-June	3,375	16.2	3,110	14.1	1,966	11.3	1,435	13.4	1,597	17.0
Total	Jan-Mar	11,624	100.0	10,437	100.0	9,100	100.0	6,617	100.0	4,458	100.0
	Apr-June	10,412	100.0	10,034	100.0	8,340	100.0	5,590	100.0	4,738	100.0
	Jan-June	22,036	100.0	20,471	100.0	17,440	100.0	12,207	100.0	9,196	100.0

1981. In each of the latest two quarters demand has been higher than in the corresponding periods since the UK market for executive-type posts has been recovering from its bottom. The earliest three months period covered by the table—January to March 1981—saw the first upturn from the trough of October-December 1980 when the advertised demand was the lowest since Hay-MSL began its counts in 1969. By happy contrast, the overall figure in January-March this year was the highest yet recorded.

The 1985 April-June total, although following the usual pattern by being lower than the previous three months' total, was still up on the second quarters of the preceding four years.

Before taking the overall figures as meaning that everything in the UK economic garden is lovely, however, readers should perhaps look at what has happened in the particular job categories.

Demand for research, development and design people, for instance, might seem important for a country whose Government puts much hope in high-technology innovation but this year so far the R and D category's share of the total advertised demand is at its lowest since 1981.

The fall between 1984 and this year in the April-June demand for computer people raises similar questions when account is taken of Hay-MSL's findings on the variations in demand from industry to industry (which are not indicated by the table).

"In the high technology industries," the consultancy says, "executive demand has slackened off noticeably in the past year and by around 37 per cent over the past six months."

The decline has apparently been especially pronounced in the small-components area. The industries showing increases are energy, mainly oil and nuclear, with a rise of 24 per cent since the end of 1983;

and retailing with a corresponding increase of 37 per cent.

But when we turn back from industry variations to the job-category trends shown in the table, we find that the group with the steepest increase in market share since 1981 is "others"—whereby, as I said, hangs a tale.

Coleridge, at least, would not have been pleased to learn that the others category includes relatively large numbers of economists. That, however, may not be the worst portent.

Hay-MSL finds that the increased demand for others—25 per cent up over the past year—is attributable almost entirely to the recruitment of management consultants or people for conversion into same both by conventional consultancies and groups of professional accountants.

## Air lawyer

RECRUITER Ted Gorman seeks a qualified legal adviser for the aviation subsidiary of a UK group he may not name. So he promises not to identify applicants who so request to his client.

Candidates should be demonstrably adept in all aspects of law affecting commercial operation of aircraft. Salary about £25,000. Car among perks. Inquiries to Edward Gorman and Associates, NEM House, Newland, Lincoln LN1 1XG; telephone 0400 30345.

Senior Manager  
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Our client is a leading Accepting House with a substantial Dealing and Treasury Management function. It is also an active participant in the current structural changes taking place in the City as well as having a strong presence in the USA and Far East.

We have been asked to recruit a senior Manager responsible for short term treasury and the trading of short term instruments, i.e. Futures, CDs, FRNs, etc. In addition, you will be an important contributor in determining longer term strategies.

You will probably be in your 30s,

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Interested candidates should write in strict confidence, including contact telephone numbers, to Peter Wilson, FCA at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel: (01) 930 6314.

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A leading Accepting House requires a Fund Manager with four to five years experience of UK equity markets.

Exposure to overseas or fixed interest markets would be an additional, but not essential, qualification, as would experience of the management of an investment trust. Preferred age 27-30. Fully competitive terms and conditions are offered.

Please contact Sarah Gates at the Investment Division, 23 Southampton Place, London WC1A 2BP, telephone 01-404 5751. All replies will be treated in strictest confidence.

**TP**

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Fund Management  
U.S. Bonds

A pre-eminent investing institution with substantial funds under management, on a global basis, seeks a highly able individual to manage their U.S. bond portfolio.

Candidates, probably aged 25 to 35, will be conversant with the U.S. Fixed Income Market and will ideally have experience as an Analyst or a Fund Manager. Specialist U.S. economists with a desire to develop a career in fund management will also be of interest. Good communicative skills and the ability to work well within a team, are essential.

The successful candidate will take full day to day responsibility for the U.S. bond portfolio, within a team covering all U.S. markets. Full training and support would be provided for an individual with a sound background knowledge of the U.S. market but no direct experience of fund management.

Remuneration, including an excellent benefits package, will be made attractive to the right individual. Please contact Stephen Embleton at the Investment Division, 23 Southampton Place, London WC1A 2BP, telephone 01-404 5751. All replies will be treated in strictest confidence.

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Securities Trading Services

CITICORP INVESTMENT BANK LIMITED is expanding its trading and sales activities, and this development has created an immediate opportunity to join our securities services operations unit as a funding/financial analyst.

As a member of a highly professional team you will interface with securities trading/sales management to analyse the profitability of diversified trading products, track key statistical volume data, be responsible for co-ordinating funding and bond borrowing requirements and understand the impact of new products being developed.

The successful candidate will already have banking experience most probably with an accounting and/or securities settlements background. A good

understanding of computer systems would be an advantage. You will need to be analytical, decisive and have good communication skills.

This is an excellent opportunity to join a successful expanding unit and an attractive compensation package with the usual bank benefits, will fully reflect your experience and qualifications.

Please write with full personal and career details to Mrs. Jamie Bloom, Personnel Officer, Citicorp Investment Bank Ltd, 335 Strand, London WC2R 1LS.

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PACIFIC BASIN MARKETS

## OPPORTUNITY:

An independent stockbroking firm with substantial international business wishes to recruit two additional persons to join the existing sales team on the Australian and Far East desks, based in our London office.

The firm has an established reputation for research and dealing expertise in the Pacific Basin region and the successful applicants will receive full support from London and overseas offices.

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The ideal candidate will have relevant experience in Far East stock markets. We would also consider applications perhaps from journalists or accountants with a broader regional experience. The successful candidates will certainly have flair, an appetite for success and the desire to travel.

## REMUNERATION:

A competitive remuneration package and stimulating working conditions await the successful applicant.

## APPLICATIONS:

Please reply with c.v. to Box A8972, Financial Times, 10 Cannon Street, London EC4A 4BY.



King Edward's Hospital Fund for London

APPOINTMENT OF DIRECTOR OF THE  
KING'S FUND COLLEGE

Applications are invited for the post of Director of the King's Fund College following the death of Mr. Tom Evans. The College is part of King Edward's Hospital Fund for London, which is an independent charitable foundation established in 1897 to support hospitals and assist with the provision of health care.

The College has as its mission the development of health care managers which it carried out through a rapidly expanding programme of multi-based consultancy as well as a portfolio of insurmountable programmes. To do this the College has a strong faculty of some 30 Fellows representing a wide range of interests and concerns within health care management and also maintains a large network of contacts and working relationships with other organisations, both in the UK and overseas.

The College is situated in the centre of London and provides an excellent learning environment for both short courses and longer residential programmes.

The successful candidate must have both commitment to and a flair for management development, particularly as applied to the broader context of health and social policy. Successful experience in a top level post in continuing education which involved significant managerial responsibilities would be a considerable advantage. The successful candidate will be expected to join the Fund's pension scheme which includes transfer arrangements with the NHS Superannuation Scheme. Salary will be by agreement but will be in excess of £25,000 per annum. Personal consultancy and research to an agreed level may be negotiated.

Applications, giving the name of three persons to whom reference as to character and ability may be made, should be marked "Confidential" and sent to the Acting Director, King's Fund College, not later than Monday, 30th September, 1985. Further information can be obtained from Dr. Iden Wickings, Acting Director, King's Fund College, 2 Palace Court, London, W2 4HS. (Tel: 01-229 9361).

INTERNATIONAL TRADE FINANCE

Credit  
Analysis

The U.K. based subsidiary of a major international banking group requires an executive to join its expanding Credit Department.

Candidates will have had previous credit experience in a banking environment and should possess a high level of initiative and professionalism.

Probably aged between 27-35, the successful applicant will be required to appraise and comment upon proposals received and consequently the necessity for accurate report writing and effective communication are essential requirements.

The salary will be up to £25,000 and the benefits will include a company car.

**Confidential Reply Service:** Please write with full CV quoting reference 1970/RS on your envelope, listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded directly to our client who will conduct the interview. Charles Barker Recruitment Limited, 30 Farringdon Street, London EC4A 4EA.

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Substantial growth has created the need to appoint a Manager to assume control of a small but expanding syndications team. Reporting to the Syndicate Director, the role will require active participation in the daily running of the department and the pricing of issues.

The ideal candidate must have a sound knowledge of the Eurobond markets and currently will be working in syndications or possibly sales or trading with a notable securities house. Attractive career prospects are available to someone with the requisite ability and flair to succeed in this challenging role.

The salary is fully negotiable and a competitive benefits package will include a performance related bonus scheme. Interested applicants should contact Jonathan Williams on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at 23 Southampton Place, London WC1A 2BP, quoting ref. 3530.



Michael Page City

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## Managing Consultant

Citibank, the world's premier Financial Services Organisation, is expanding its Global Cash Management Consulting team in London.

We are looking for a Managing Consultant to manage a team of professionals responsible for the marketing and delivery of the bank's cash, exposure and treasury consultancy services throughout Europe, the Middle East and Africa.

Based out of London, you will manage the consulting and marketing requirements of the bank's institutional clients in a given geographic region. Such requirements cover all aspects of Treasury Management, from the establishment of Offshore financial vehicles and Multilateral netting systems for sophisticated multinationals to advising corporations on the most efficient techniques for cash and exposure management.

You will have a seasoned knowledge of the foreign exchange markets and of corporate cash and treasury management, gained through at least 5 years'

financial experience at a major International bank or Corporate Treasury. You will have marketing skills and possess a broad understanding of the concepts and applications of state-of-the-art electronic banking. You will have a proven track record of managing a team of professionals and feel comfortable with negotiations at a senior level. A knowledge of another European language, particularly German, would be to your advantage.

In return, we are offering an excellent benefits package that will handsomely reflect your experience and qualifications. Please write enclosing full career details to Joanne Noble, Group Personnel Officer, Citibank NA, 336 Strand, London WC2.

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Age envisaged is under 50.

Strict confidence will be observed.

Male or female candidates should telephone in complete confidence for a Personal History Form or submit a comprehensive CV to A.D. Kelly, Hoggett Bowers plc, 36 High Street, Eton, WINDSOR, Berkshire SL4 6BD, 07535 50851, quoting Ref: 44252/FT.

**Hoggett Bowers**

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## International Portfolio Management

European Fund Managers/Analysts

City based

Our client, a major force in investment management, is currently looking for outstanding young Analysts and Fund Managers to join their European team.

For both positions candidates should ideally have a minimum of two years' European experience in a parallel role and be educated to degree level.

Salary negotiable

A highly competitive package is offered with salary negotiable depending on experience. Please send a full CV together with the name of any organisation to which your applications should not be forwarded, to: The Managing Director, (Ref: 1462c) Associates in Advertising Ltd., Columbia House, 69 Aldwych, London WC2B 4DX.



## CORPORATE DEVELOPMENT AND PLANNING

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Our Client, a profitable and progressive international manufacturing Group, (T/O c.£800m.), seeks a recently qualified Chartered Accountant to join their small and closely integrated Corporate Headquarters on the western outskirts of London as a member of the Corporate Development and Planning Department. Responsibilities will embrace corporate planning, investigations and acquisition studies.

Candidates will have qualified recently with a major firm and possess a good degree and professional examination record. They should also have the maturity and personality to relate to senior management in both UK and Europe, together with a desire to establish a career in industry. Analytical and presentation skills are important.

Confidentiality is assured until the job description has been discussed with candidates. Relocation assistance may be considered; employment conditions include BUPA and a non-contributory pension. Please send a detailed resume of your background and career to include current salary and evening telephone number to Christopher Garrit at:

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There is a fully competitive salary, and benefits include pension scheme, car and relocation assistance.

Please write with full career details to Mr A J Edmondson, advisor to the company, quoting reference 4109.

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## SENIOR DEALER

Well known European bank is seeking to expand its dealing room and requires a forward/deposit dealer.

Ideally aged between 27-33, the candidate must have at least five years' experience in one or more major currencies.

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Most important however, is the young dealer who can innovate within these markets by adopting a more imaginative approach to trading. The bank offers a performance bonus to reward such skills, as well as the normal range of banking benefits.

Interested candidates should contact Kevin Byrne on 01-588 6644 (until 7p.m. on Thursday 1st August) or send a detailed C.V. to the address below — all applications will be treated in the strictest confidence.

Anderson, Squires Ltd.,  
Bank Recruitment Specialists,  
127 Cheapside,  
London EC2V 6BU

Anderson, Squires

### GENERAL MANAGER

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Candidates should have experience of the OTC market, have a proven sales record and the energy and determination to build a successful operation.

Salary is by negotiation but it is envisaged that a very good basic salary will be enhanced by a results-oriented commission scheme offering the successful candidate the opportunity to earn a substantial income.

Please contact David Grove—Consultant to the Company.  
All applications will be treated in strict confidence.



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GE

GZ

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new areas. We intend in addition to cover the Austrian and German markets. Our equity department would like to hear from sales executives at all levels, particularly those with experience in the oil, retail, food manufacturing and building sectors and from analysts in these or other areas, especially those with an international outlook. Our convertible department is also scheduled for expansion and we are seeking sales executives/analysts with relevant experience. Applicants should contact Peter Mills (sales) or Tony Maybrey (research) on 01-628 6782, STX 4899, or by letter to Gilbert Elliott & Company, Salisbury House, London Wall, London EC2M 5SB. All replies will be dealt with in the strictest confidence.

## FRN Trader

### Salary negotiable

Our client, a leading UK Merchant Bank with an active presence in the Eurobond market, is currently seeking to develop its FRN trading capacity.

Consequently they wish to recruit an FRN trader, with a minimum of one year's experience to join a successful team looking to further expand its position in a market making role.

The successful applicant will have a sound knowledge of US\$ and/or UK£ money market instruments. A flexible approach combined with a direct and positive attitude are essential.

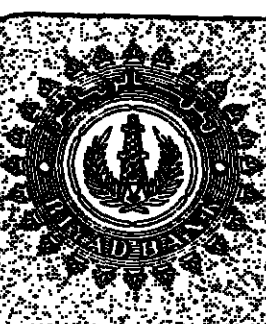
This is an excellent opportunity to progress in a highly professional organisation fully committed to trading.

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## RIYAD BANK

Head Office - Jeddah

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Those who feel suitably qualified should submit their Curriculum Vitae in confidence to: The Chief Manager, Riyad Bank, London Branch Licensed Deposit Taker, Temple Court 11 Queen Victoria Street, London EC4N 4XP.

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**EW Ernst & Whinney**  
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The salary is negotiable and will be supplemented by a banking benefits package.

Applicants should write, enclosing a full CV, to: Mr. R. W. Walters, Head of Operations, PRIVATbanken Limited, 107 Cheapside, London EC2V 6DA.

**PRIVATbanken**  
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Please apply in writing with CV to:  
A. F. Smith (Administration Partner)  
Heselstine Moss & Co.  
30/31 Friar Street  
Reading RG1 1AH

Please indicate preferred location with application

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## Broker Financial Futures

Morgan Futures Corporation requires an experienced institutional futures broker, preferably a graduate. Fluency in European languages will be a definite advantage. You will be a self-starter, showing high energy and motivation.

You must have the ability to build sound professional relationships to generate additional business from the bank's extensive client base.

The remuneration package is negotiable to truly reflect your

experience and potential. Benefits include profit-sharing bonus, mortgage subsidy, non-contributory pension, life insurance and medical plans.

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Send your c.v. to:  
Geoff Morgan,  
Morgan Guaranty Trust  
Company of New York,  
Morgan House,  
1 Angel Court,  
London EC2R 7AE.

## The Morgan Bank

The UHDE Group with various subsidiaries and affiliates around the world, ranks amongst the world's leading chemical engineering contractors. It's UK subsidiary - UHDE LIMITED is now looking for a

### Finance Manager

Your task: development and execution of middle and long term financing, including cash management. Handling of tenders, offers, contracts and shipping documents, guarantees and credit insurances procedures with ECGD.

We expect: You to hold relevant business and commercial qualifications, preferably several years commercial experience in a Chemical Engineering environment or associated banking background.

We offer: Excellent salary and all the benefits associated with a large international group, possibility of overseas travel, modern place of works.

If you are interested in this post, please apply, enclosing details of previous experience, qualifications and salary to:  
Dr. G. Zacher, Managing Director, UHDE Limited, Hoechst House, Salisbury Road, Hounslow, Middlesex, TW4 6JH.

**UHDE**

## Fund Manager Private Clients

Harrogate

£17-20,000 + car

Our client is a newly established financial advisory and management company. Under a well proven management team with an enviable track record already has substantial private client portfolios in addition to a quoted Investment Trust. It is anticipating a significant increase in funds under management within the next year. This challenging and responsible position calls for a thorough understanding of clients needs and personal communication skills. It will be of obvious appeal to candidates aged c.45/50 with relevant

experience seeking further responsibility in a growing organisation which views the opportunities presented by the coming City revaluation with great confidence. Younger applicants, aged c.25/30, with demonstrable experience will also be considered.

Salary is negotiable and assistance will be given to relocate to this most attractive part of Yorkshire. Please write in confidence with full CV or phone David Tod BSc FCA on 01-405 3499 quoting ref: D2764/F

**Lloyd Management**

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

### CITY

A vacancy has arisen for 2 trainee brokers. The successful applicants will be aged 23+ and of a smart appearance. No previous experience necessary as full training will be given. For a confidential interview ring:

ALAN BIGGS  
on 01-283 6800

### INVESTMENT BANKING MANAGER

Required to take charge of newly formed subsidiary or expanding banking group with strong Indian base. Knowledge of Gujarati preferred. Salary range £18,000 plus benefits.

Write Box A9088, Financial Times  
10 Cannon St, London EC4P 4BY

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### GERMAN MONEYMARKET DEALER, 26

Three years' merchant banking and 2 years' trading experience with U.S. bank, seeks fresh challenges outside Germany, preferably related to new financial instruments (e.g. futures, options, etc.).

Write Box A9087, Financial Times  
10 Cannon St, London EC4P 4BY

### CORPORATE FINANCE EXECUTIVE

to join the expanding Corporate Finance department of a recently formed merchant banking and financial services company.

The person will be an ambitious and enthusiastic graduate aged between 25-30 with a minimum of two years' experience in the Corporate Finance department of a merchant bank or stockbroker.

The activities of the department, which involve both UK and international clients, include providing advice on company incorporation and financial structure, private placements, divestments, acquisitions and mergers and the raising of debt and equity finance. Some travel is likely.

Salary is negotiable in the region of £18,000 p.a.

Please reply with curriculum vitae to: Box A9085  
Financial Times, 10 Cannon Street, London EC4P 4BY

## Assistant Manager Corporate Lending

To £18,000 + car

Our client is one of the major British financial organisations, with assets employed of over £1,000m.

A vacancy has arisen at the Group's head office in London for a senior executive with substantial experience in the assessment of credit worthiness, particularly in commercial lending. As the Number 2, you will deputise for the Manager in his absence and, as a member of various Credit Management Committees, you will assist in controlling and monitoring the credit policy within the Group. Additionally, you will have authority to approve loans at the highest level.

You must be professionally qualified, e.g. A.I.B., A.C.I.S., or in Accountancy and, ideally, be aged around 35.

The overall benefits package is attractive, and includes a non-contributory pension, a share arrangement, assistance with a mortgage and, if necessary, with relocation expenses.

Please write, in strict confidence, enclosing CV and quoting ref. 322, to Douglas Atkins.

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19 Britton Street  
London EC1M 5NQ  
Telephone: 01-250 0003

## International banking with PRIVATbanken

Continuing growth in the UK market has created an exciting opportunity for a qualified credit analyst to join the expanding UK business development team of PRIVATbanken Limited, a subsidiary of the leading Danish Bank in London.

Applications are invited from analysts aged 23-27 who have strong credit analysis ability and experience of assessment of UK corporate borrowers.

An attractive remuneration package is being offered, with good promotion opportunities for the right candidate.

Applicants should write, enclosing a full CV, to: Personnel Department, PRIVATbanken Limited, 107 Cheapside, London EC2V 6DA.



**PRIVATbanken**  
The Danish front-runner in International Banking

# Accountancy Appointments

## Financial Accountant

c £17,000 + Car

Windsor

Our client is a profitable and progressive firm based in Windsor and well known for its design and world-wide marketing of innovative computerised banking systems.

Recent expansion and encouraging trends have created a new vacancy for a fully qualified financial accountant to manage the company's accounting affairs and assist in its growth.

The main responsibilities of the post are to provide essential accounting controls and to utilise the fully computerised systems so as to produce meaningful financial information for strategic management.

Candidates must be familiar and comfortable with computerised systems. A meticulous and industrious approach combined with energy and commercial acumen will make for success in this friendly and business like firm.

The starting salary will be around £17,000 p.a. plus bonuses. Other benefits include a car, contributory pension scheme and private health insurance.

Applicants able to travel daily to Windsor should send a full c.v. quoting ref. 1418 to:

**Binder Hamlyn**  
MANAGEMENT CONSULTANTS  
Trevor Austin, Executive Selection Division  
Binder Hamlyn Management Consultants  
8 St Bride Street, LONDON EC4A 4DA

## GROUP FINANCIAL CONTROLLER

North London

From £20,000 + Car

Our client is the leading manufacturer and distributor of high-quality self-assembly furniture units.

They are now eager to appoint a Senior Financial Executive, who will assume responsibility for the day-to-day running of the finance and administration function.

Candidates for this appointment will be ambitious, qualified accountants in their 30's, who have a minimum of three years' post qualification experience, gained in a well run manufacturing environment.

Written applications, in strictest confidence, should be submitted to Neil Gillespie or Colin Vasey at our London address, quoting reference number 5475.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744  
Brook House, 77 Fountain Street  
Manchester M2 2EX. Tel: 061-236 1553

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## FINANCIAL DIRECTOR (DESIGNATE)

WEST LONDON

TO £25,000 + CAR

Our client, Holborn Law Tutors, is the leading private legal college in Britain, and with its associated parallel operations, based in Central London and Overseas, makes up a forward-looking and highly successful private group with ambitious expansion plans.

This is an exceptional career move for an energetic, personable and computer-literate qualified Accountant, aged 30-40, capable of taking responsibility for the whole financial spectrum and with the personality and self-confidence to deal with the Group's advisors, etc.

If you consider that you have the necessary personal and technical qualities to fulfill this newly created role, please reply in writing to the address below quoting Reference DRW/32 or telephone for an application form.

01-638 3955  
63/65 Moorgate, London, EC2R 6BH



# International Appointments

## Manager Northern Europe Banking/Financial Systems

Our client is a computer manufacturer whose products can handle high numbers of terminals which access large databases in on-line multiprocessing environments.

After three years in Europe they are firmly established in specific vertical market sectors where their products support Banking and other Financial Institutions and Libraries as well as the more technically demanding areas which utilise networked configurations.

They now wish to recruit a Senior Industry Professional to manage their Northern European business activity.

The Manager Northern Europe will have responsibility for ensuring continued company growth in Benelux, Germany, Switzerland and Scandinavia.

This will require definition and implementation of Sales, Marketing and Support plans throughout the territory from an Amsterdam base.

Employees comprise Sales and Marketing, Finance, Support and Services Managers leading teams of experienced staff.

The Manager Northern Europe responds to the European Vice President residing in the UK and reporting to the parent in continental North America.

Applicants for this Senior Management position should be between 35 and 45 and will be experienced in the following:

- Sales/ Marketing Management
- Banking & Financial Markets
- Major Account Management
- Budgetary Control and Business Reporting
- Contract Negotiation

Our client seeks a person who shows an aggressive approach to business growth management but where this quality will be moderated by experience and professional maturity.

The successful candidate will be offered a benefits and relocation package that will reflect status and the contributions made in maintaining and increasing the company's penetration of the European market-place.

Telephone Rex Ashcroft during working hours on Amsterdam +3120429828 or +3120761916 in the evenings, or send your CV to him at Ashcroft Recruitment Management by, P.O. Box 7013, 1007 JA AMSTERDAM, Holland if you prefer quoting ref. 543.

Confidentiality is guaranteed.



Ashcroft Recruitment Management b.v., Computer Personnel Division

De Boelelaan 799, 1082 RS Amsterdam. Tel. 020-42 98 28

## Legal Partnership Opportunities in New Zealand

One of New Zealand's largest and most successful commercial law firms is seeking suitably qualified people to provide a new generation of banking, book-keeping and business development in two areas, namely tax, trust-estate planning and general corporate and commercial work with the emphasis on securities.

The firm has an outstanding reputation for its work in all facets of the profession, and has a large private and commercial client base. Partners will work closely with the successful applicants and there are experienced staff available to handle the detail such as will drafting, estate administration, etc.

These positions will appeal strongly, either to expatriate New Zealanders, or to solicitors who satisfy the current regulations covering permanent residence in New Zealand.

Experience in general practice with specialisation in the areas mentioned would be an appropriate background. Age is likely to be 30's to early 40's. The income will be high, leave is generous, and there is an attractive subsidised leave scheme.

Auckland (the City of Sails) population 500,000, is one of the most attractive harbour cities in the world, the climate is almost sub-tropical, the lifestyle is relaxed and living conditions/recreational facilities are superb.

Initial interviews will be conducted in London by Mr N.L. Golden, our Managing Director, who would require resumes and applications to be sent to: August 5th C. Migration Branch, NZ High Commission, NZ House, Haymarket, London SW1Y 3TA, or leaving a message at telephone (01) 470-5157.

Mr Golden will also be prepared to discuss more junior positions in the firm with younger, qualified practitioners.

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## FINANCIAL ANALYSTS Hong Kong

We are a leading financial Group in the Far East and we are looking for bright young financial analysts who are interested in working in Hong Kong.

If you are 23-26 years old, unmarried, have had graduate-level education, presently working as a junior analyst with a stockbroking, fund management or other financial institution and you are keen on spending a few years developing a career in Hong Kong, please write to us with a résumé and details of yourself.

For successful candidates we plan to offer an initial salary within a range of HK\$150,000 to HK\$180,000 a year. In addition, there is an attractive bonus scheme. Thereafter, if you prove to be successful, you can expect fairly rapid escalation of remuneration.

Those interested please write to Box A9082  
Financial Times, 10 Cannon Street, London EC4P 4BY



# Accountancy Appointments

## Head of Finance

### Communications

c. £27,000  
+ Car  
London

The company markets and sells a range of business products and services in the high technology communications sector. Autonomously managed, it has the support of a substantial British parent group. This market leader has an impressive record of growth and is on target to achieve a turnover of £50m this year. The Head of Finance will be expected to make a substantial contribution to strategic planning and the commercial management of the business. The priorities will be closer inter-action between finance and other functions, together with the introduction of new information and control systems. The person appointed will also represent the organisation to external bodies.

You should be a qualified accountant probably aged between 35 and 40. Your experience will include leading an accounting function and ideally exposure to manufacturing and marketing led companies. Success in this role will be determined by effective communications and in-depth intellectual abilities and the determination and organisational skills to manage change. Please reply in confidence, giving concise career, personal and salary details, quoting Ref. ER802, to Heather Male, Executive Selection.

Arthur Young Management Consultants,  
Rolls House, 7 Rolls Buildings, Fetter Lane,  
London EC4A 3NH.



**Arthur Young Executive Selection**  
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

## Group Finance Director

### South East

From £35,000

An outstanding opportunity has arisen for an able, mature and widely experienced Finance Director to join the senior management team of a UK based group operating world wide, in an unusually strong growth sector of the construction industry.

With responsibility to the Chairman, the prime task will be to exercise stringent financial and treasury control, to ensure the achievement of profitable growth targets, both organically and by further acquisitions. Other essential areas of responsibility will include the negotiation of funding, currency management and securing ECGD cover. The finance function is well managed and largely decentralised.

Candidates should be Graduate Chartered Accountants in their forties with a high level of relevant industry exposure internationally, a respected reputation in the City and the all round fitness necessary to match this demanding role. The salary is negotiable from £35,000 pa plus car and a good benefits package.

Please write in confidence, with full career details and quoting reference B6564/L to J W Hills, Executive Selection Division, Pearl Marwick, Mitchell & Co, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

**PEARL MARWICK**

### NEWLY ACQUIRED ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We propose to publish the list in our issue of Thursday, September 26, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rate will be £27.00 per single column centimetre. Special positions are available by arrangement at premium rates of £4.00 per sec. Newly Qualified Accountants especially Chartered, are never easy to recruit - don't miss this opportunity!

We will also be including in this feature a **GUIDE TO RECRUITMENT CONSULTANTS**

and entries in the guide will be charged at £2.00 which will include company name, address and telephone number.

For further details please telephone:

**ROBERT WINTER**  
on 01-226 9763

or

**LOUISE HUNTER**  
on 01-226 4864

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

## Tax Accountants

Make a move that will take you all over the world

Geophysical Service International is engaged worldwide in the business of oil exploration. GSI is a division of Texas Instruments Limited, a leader in information technology.

The company requires the services of a progressive, outgoing accountant with the following:

- Chartered or other accounting qualifications
- Fluency in English and Arabic
- Willingness to travel extensively in Europe, Africa, the Middle East and the USA
- A minimum of 2 years accounting experience with

preference given for tax expertise. We offer an attractive salary, commensurate with experience, as well as an exceptional benefits package. The position will be based in Bedford, England, and the multi-national environment of the company offers considerable scope for career advancement.

Make your first move now by writing, in complete confidence and enclosing a full curriculum vitae, to: Caroline James, Geophysical Service International, Texas Instruments Ltd., Mantion Lane, Bedford, MK41 7PA.



**Geophysical Service International**  
A DIVISION OF TEXAS INSTRUMENTS

## Accounting & Reporting Manager Europe

West of London

£25,000 plus Bonus plus Executive Car

Our client, a multinational computer manufacturer rapidly moving up the Fortune 500 ranking, regards London as the financial data collection centre of its European network of subsidiaries and distributors.

Impressive recent expansion has taken this function into the mainstream of management and it is now necessary to appoint an internationally-minded manager to set up and maintain a regular flow of monitored and interpreted information firstly to the European Director of Finance and thence to the parent board in the USA.

The American dimension is such that applicants will need to have spent at least five years in a US multinational, quite apart from being professionally qualified.

preferably with a degree or a post-qualification diploma. Wide accounting skills, knowledge of American and European tax systems, the development of company financial policy, liaison with marketing, forecasting, and far-reaching analytical and reporting functions outline the variety of work.

Open to all EEC nationals with fluency in English and at least some understanding of another European language, this position is based West of London but cannot be described as deskbound given the involvement with European subsidiaries.

Our client is happy to negotiate a starting salary circa £25,000 plus bonus. An excellent benefits and incentive package is in operation which includes an executive

car and private medical insurance. In career development terms, prospects of opportunities within the organisation are first-class.

Send a detailed cv quoting ref No. C141 to Roger Juniper, Juniper Woolf & Partners Ltd., 22 New Concordia Wharf, Mill Street, London SE1 2BB. Please list in a covering letter any organisation to whom your application should not be forwarded.



RECRUITMENT ADVERTISING - SEARCH & SELECTION

## Finance Director

London

c. £40,000

Our client is an Offshore Service & Engineering Group with a turnover of approximately £50m.

We are looking for a qualified Accountant who possesses good financial control skills and who has considerable credibility with banks and institutions.

The ideal candidate will be a 'down to earth', commercial and forward thinking person who can get involved at all levels and project the impact of events on profitability and cash flow. He, or she, will probably be aged under 45.

This is a marvellous opportunity to join an exciting and progressive company at a critical stage of its growth. Equity participation and normal other benefits provided.

If you would like to discuss this appointment in greater detail, please write to Robin Fremantle, enclosing your CV:

**FREMANTLE & CO.**  
Personnel & Recruitment Consultants

1st Floor,  
43/44 Albermarle Street,  
London W1X 3FE.

## Finance and Administration Manager

Wiltshire : c. £15,000

The Management Services Division of WH. Smith & Son Limited provides a comprehensive range of services to the Group.

The successful candidate will be one of four senior Managers reporting to the Divisional Director and will be responsible for the division's financial and management accounting requirements, as well as undertaking budgetary and corporate accounting work and fulfilling an administrative/secretarial function.

The key requirement is for a young qualified accountant with knowledge of financial and management accounting systems, computer techniques and applications - including financial modelling, team leadership and good communication skills. The ability to understand and interpret the broader issues affecting the division is essential.

This is an ideal opportunity to gain further exposure within a demanding environment that offers excellent career development potential throughout the group. In addition, the reward package includes a non-contributory pension and relocation assistance to this buoyant and accessible area.

Please apply in writing giving details of age, experience, qualifications and current salary to: The Personnel Officer, WH. Smith & Son Limited, Bridge House, 45 Faringdon Road, Swindon, Wilts, SN1 5AU.



**WHSMITH**

## Chief Accountant/Company Secretary

Central London

c. £20,000 + car

Become the No. 2 in a subsidiary of a large Group. Engaged in the importation and distribution of speciality consumables, the Company leads its field with a turnover approaching £20m. It seeks a chartered or cost and management accountant to work directly with the Chairman and actively contribute to planned growth, which will treble sales in 5 years by acquisition and market development.

Candidates, aged 30-40 years, should be fully familiar with the computerised production of management accounts and financial analyses to tight time schedules in a medium sized company, preferably in f.m.c.g. They should have high level analytical and entrepreneurial skills and be able to make a valid contribution to the running of the business.

Write, with a detailed C.V. to David Burns, B.Sc. F.Inst.D. Management Search, Coppice House, Bowden Hill, Lacock, Chippenham, Wilts SN15 2PP. Tel: 0249 73253.

**Management Search**

Executive Search & Selection Consultants

## Chief Accountant

Middlesex

A Senior Opportunity In Information Technology

Our clients, a dynamic subsidiary of a world-leading information technology organisation, market and service a range of low-volume, high-value products to a wide variety of UK-based multinational companies. Due to continual expansion, they now require the services of an ACA-qualified Chief Accountant to assume total day-to-day accounting control of both UK and European sectors.

Aged 25-35, you should have at least two years' post-qualifying experience, preferably in industry. Reporting directly to the Finance Manager, you'll be involved in everything from the formalising and implementing of internal control procedures to the production of financial and management information and the continued development of computerised systems. Most importantly, you'll need to bring qualities of enthusiasm, self-motivation and initiative to a senior position with international responsibilities. A thorough working knowledge of Micro Computers is essential.

Dependent on your experience, you'll be able to command a salary of up to £18,000, plus an attractive range of large-company benefits. For further details, contact David Ensher on 01 439 1771, or write, enclosing a comprehensive curriculum vitae to 6/8 Sackville Street, London W1X 3BB.



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## EUROPEAN

Market leading U.S. hi-tech company, enjoying a period of sustained expansion, requires a top level Financial Executive to manage a new developmental phase. Responsible for a large H.O. division, participating in establishing European business plans and financial objectives, you will also plan, develop and implement financial control policies and procedures. This crucial business development role would suit a qualified accountant, aged c.30, with fluent French and highly developed commercial skills. Ref: GH.

**BRUSSELS** c.£30,000 + Car

## TAX MANAGER

A major U.S. computer company is currently seeking a high calibre tax professional to head up its U.K. tax function. Responsible for both tax planning and compliance work, this 'front line' management role offers involvement in acquisitions, disposals, leasing, transfer pricing etc. Specially qualified candidates, aged c.30, will possess U.S. tax experience and offer a highly commercial and practical approach to corporate tax. Ref: JG.

**BERKS** c.£22,000 + Car

## CONTROLLER

A market leader in the communications industry, our client is currently launching a new chain of retail outlets on prime high street sites throughout the U.K. This new venture requires a young ambitious self-starter for a number one financial role offering variety, challenge and considerable exposure to marketing management. Responsibilities will include setting up new accounting and administrative systems. Candidates should be qualified, aged up to 30, with an appreciation of retailing. Ref: SW.

**CITY** To £18,000 + Bens



## CHIEF ACCOUNTANT - BANKING

We are a small licensed deposit taker and exempted dealer, specialising in private investment management. We are looking for a mature qualified accountant to look after all aspects of our accountancy, book-keeping, Bank of England supervision, company secretarial and taxation affairs. The job is located in our unique City office and the appointee would report to the chief executive. A willingness to undertake some of the detailed work of his department is essential. A background in banking, finance or another equivalent City discipline would be desirable. An understanding of the computerisation of book-keeping and portfolio management would also be an advantage. Salary range £15,000-£20,000, depending on experience; normal benefits package, including car.

Please apply with CV to:

Philip Cassidy  
FEDERATED TRUST CORPORATION LTD  
1 Love Lane, London EC2V 7JJ

## UNIVERSITY OF WARWICK

Lectureship in Accounting and Finance

Applications are invited for a Lectureship in Accounting and Finance in the School of Industrial and Business Studies to join a developing group led by Professor Stewart Hedges and Professor Tony Stodie. Candidates should be able to demonstrate a strong academic background and ability to contribute to research.

Preference will be given to applicants with a broad range of interests and teaching experience. The appointment will be made on the Lecturer scale: £7,150-£14,125 p.a. (under review). Starting date for the appointment will be negotiable. Application forms and further particulars from the Registrar, University of Warwick, Coventry CV4 7AL, quoting Ref. No. 51/2A/85/M, Closing date 22nd August 1985.

# Accountancy Appointments

## Financial Director Construction

up to £25,000 p.a. + car

City

Ashby & Horner Limited, the City construction company (T/O c.£35 millions) wishes to appoint a Financial Director to reinforce its financial management and strategic development resources. Reporting directly to the Managing Director, and functionally to the Financial Director of the Holding Company, the Financial Director will make a practical input to management thinking and be fully responsible for the accounting control of the Company, assisted by a small and able staff and backed up by significant computer power.

The appointment will appeal to qualified accountants with experience at senior level on the financial side of the construction industry. Age indicator: 33 to 40 years. Salary negotiable up to £25,000 p.a., car provided and benefits usual in a major company. Assistance with removal expenses if required.

Please write stating age, current salary and how you meet the Client's requirements, quoting reference 143 on both envelope and letter. No information will be disclosed without permission.

**William MILNER**  
Management & Selection Consultant

Spencer House, 3 Spencer Parade,  
Northampton NN1 5AA.  
Tel: Northampton (0604) 21051.

## Group Accountant

c£17,000 + Bonus + Car West End

Our client, an asset financing and investment group, is looking for a Group Accountant. This is a new appointment and the successful candidate will report to the Managing Director. There are real prospects for personal development.

The main responsibilities of the post will include the management of the group's accounting and finance functions, as well as computerisation. The job holder will also manage a small but active property administration department. A substantial contribution to the commercial development of the group's business is expected.

Candidates, men or women, should be qualified accountants, aged 28-35 who have a good understanding of commercial realities, preferably with some experience in the financial services market. They should be independent, self-motivated and able to develop further the group's accounting systems to meet the requirements of this expanding business. They should be able to manage a small team. Experience with computers is essential.

Benefits include car, pension and life assurance arrangements and health insurance. The bonus, which is related to group performance has been substantial in recent years. Please write, stating how you meet these requirements, quoting ref 1424 to:

**BinderHamlyn**  
MANAGEMENT CONSULTANTS  
Anne Knell, Executive Selection Division,  
Binder Hamlyn Management Consultants,  
8 St. Bride Street, London EC4A 3DA.

## Taxation Accountant

c£20,000 + Car Essex

This is an opportunity for a taxation specialist to join a British multinational whose extensive worldwide manufacturing and trading activities create a very wide and sometimes complex range of taxation problems.

The responsibilities will relate to corporate taxation with particular reference to advisory work of Corporate Centre and in the subsidiaries; work on double tax relief situations; provision of tax information for management reporting purposes; involvement in computerisation of the Group's tax affairs; computation of liabilities and negotiation with the Inspector; and interpretation of new tax legislation, case law and accounting standards.

Applicants should be chartered accountants with at least two years post qualification experience in the tax department of an industrial group or the profession. Medium term prospects are not necessarily confined to the tax department.

Please apply in confidence quoting ref. L 191 to:  
**Brian H Mason,**  
Mason & Nurse Associates,  
1 Lancaster Place,  
Strand,  
London WC2E 7EB.

**Mason  
& Nurse**  
Selection & Search

## TAXATION ACCOUNTANT

### International Banking

Standard Chartered is one of Britain's major international Banks, with gross assets exceeding £28 billion and more than 2,000 offices in over 60 countries.

We wish to strengthen our Group Corporate Taxation Department by the appointment of a Taxation Accountant. The ideal candidate will be a young accountant with some post qualification experience in the taxation department of a major professional firm or multi-national group. Initially, he or she will assist the Group Taxation Manager in bringing taxation affairs up to date, and thereafter will specialise in V.A.T. which is of growing importance to financial concerns.

A total remuneration package circa £18,000 is envisaged. Please apply with a comprehensive c.v., stating present emoluments, to Peter Barnes, Recruitment Officer, U.K. Personnel Services, Standard Chartered Bank, 10, Clements Lane, London, EC4N 7AB.

**Standard Chartered**

## ACCOUNTANTS FOR MANAGEMENT CONSULTANCY

London

Up to £26,000

If you're a qualified accountant, aged up to 38, with drive, ambition, intelligence, initiative and several years' commercial or industrial experience, we'd like you to consider being one of our management consultants.

You would be based in London and we'd pay you up to £26,000 plus a car. Perhaps more important, we'll give you an outstanding opportunity to broaden your experience: with our training and the support you will get from more experienced colleagues you'll be surprised at the variety of work you can tackle.

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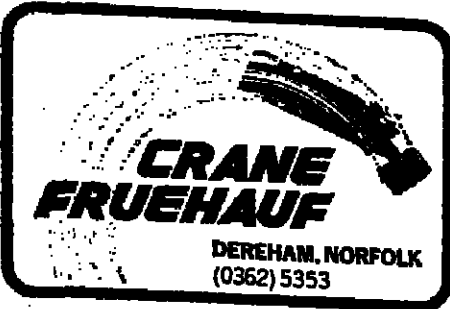
Prime responsibilities will include the provision of accurate financial information to senior managers, a major role in the planning/budgeting process and the development of effective costing systems.

Candidates should be qualified accountants preferably, but not necessarily, with experience in the health care or related industries. The candidate should possess energy, drive and the communication skills necessary to make a valuable contribution as a member of a small creative management team. Age 30-45.

Please reply in confidence, giving concise personal and career details, to:

**Mr. Howard Thomas, Chief Executive**  
**CAMBRIDGE LIFE SCIENCES plc**  
Cambridge Science Park, Milton Road, Cambridge CB4 4BH





## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Thursday August 1 1985



## AMC dives to \$70m loss on weak demand

By PAUL TAYLOR in New York

AMERICAN Motors (AMC), the fourth largest U.S. car maker, yesterday posted a much larger than expected \$70.4m second-quarter net loss, which it blamed on continuing weak demand for small cars.

At the same time AMC, which is 46 per cent owned by Renault, revealed that it has sold the French state-owned car group \$50m of 11.25 per cent subordinated convertible debentures which mature in five equal installments between 1991 and 1995 and are convertible into AMC common stock at \$5 a share.

The move is likely to prove controversial in France, where Renault's unions have already criticised funding for AMC.

AMC's second-quarter loss, equivalent to 66 cents a share, compares with a net profit of \$4.7m or 2 cents a share in the year-ago period and

came on sales which fell by 9.5 per cent to \$361m from \$1,060m.

Wall Street had been expecting a loss, but substantially lower than that reported. The deficit tops AMC's previous record loss of \$29m in the 1985 first quarter and pushes the first-half loss to \$99.4m or 95 cents a share on first-half sales of \$1.88bn compared with a net profit of \$9.8m or 5 cents a share on sales of \$2.14bn in the 1984 period.

AMC noted that combined worldwide car and Jeep sales rose by 9 per cent from the first quarter level to 97,304 - but were still 14 per cent lower than the corresponding period of a year ago.

The group added that higher marketing costs, coupled with a write-off of tooling for planned model that was dropped, together with ter-

mination costs led to the increased loss in the second quarter.

Mr Jose Dederingwerder, AMC's president and chief executive, said: "As weak demand for sub-compact cars continued to produce disappointing results in the first half, we took several important actions to improve our ongoing financial performance."

To offset the decreased market for sub-compact cars we have brought dealer stocks and production rates in line with current market volumes. We also have renegotiated our labour contracts at our Wisconsin facilities to bring our wage rates, benefits and work rules into line with those of other domestic manufacturers. We took firm steps in May and June to substantially reduce our administrative expense."

## Banco di Roma to raise L280bn

By Alan Friedman in Milan

BANCO di Roma, Italy's fourth largest state bank, yesterday announced plans for a L280bn (£150m) rights issue which will be used to increase the Rome-based bank's capital.

Banco di Roma, which is 68 per cent owned by the IRI state holding group, is one of three "banks of national interest" controlled by IRI. The other two are Banca Commerciale Italiana and Credito Italiano.

IRI will today discuss plans to place 13 per cent of Banco Commerciale with investors in Italy and abroad.

The bank's capital base is to be lifted from L280bn to L420bn as a result of the rights issue, which will be largely taken up by IRI. Those shareholders who hold 12 per cent of the bank's shares on the Milan Bourse will take up a commensurate portion of the issue. Half of the proceeds will go to the capital increase, the other half into bank reserves.

The bank will issue 28m new shares with a par value of L5,000 at a price of L10,000 per share. This represents a 37.5 per cent discount on yesterday's Milan Bourse share price of L16,000. Shareholders will be able to subscribe for one new share for every two already held.

Banco di Roma closed 1984 with total deposits of L42,252m and net profits up by 15.6 per cent to L40m.

## Bethlehem Steel turns in second-quarter profit

By WILLIAM HALL in New York

BETHLEHEM Steel, the third biggest U.S. steel producer, returned to profit in its second-quarter, earning \$20.4m after a first-quarter loss of \$82.1m. But the company warns that, for the fourth year running, it expects to report a loss in 1985 as a whole.

Mr Donald Tranter, Bethlehem's chief executive, says the steel market remains flat because of a continuing heavy influx of foreign steel, a seasonal downturn in certain markets and cautious customer inventory policies. These factors make any improvement in third-quarter shipments unlikely. He says that U.S. domestic steel

shipments for the industry will be about 75m tons in 1985 and he expects steel prices to remain weak.

The company earned \$24m, or 40 cents a share, in the second quarter of last year. In the latest quarter, the company earned 30 cents a share. During the same period, sales fell from \$1.5bn to \$1.3bn. For the first half of 1985 Bethlehem lost \$41.7m, or \$1.10 a share, compared with losses of \$30.6m, or 90 cents a share, last year.

Mr Tranter says: "While we expect to make continued progress in lowering our costs and increasing our productivity, it is likely that we

will be unprofitable for the third quarter and year."

U.S. Steel, the biggest U.S. steel maker, would consider a merger with another domestic group in the same field, according to Mr David M. Roderick, group chairman.

"I would never exclude U.S. Steel from any activity that is legal and moral," Mr Roderick told a press conference.

In February last year, U.S. Steel announced a proposed acquisition of National Intergrupp but the merger was called off in March following opposition from the U.S. Justice Department.

## Bidemann set to gain French listing

By David Marsh in Paris

BIDERMANN, France's fourth largest textile group, is raising FF150m (\$17m) through an issue of new shares and convertible bonds, designed as a prelude to an eventual entry on the stock market.

The company, presently 75 per cent owned by its founder, M Maurice Bidemann, has undergone widespread restructuring measures in recent years, like other big French textile and clothing groups. Last year it registered net profits of FF101m, 4.7 per cent down on 1983, on turnover 13.5 per cent higher at FF3.8bn. Its present capital is FF3.5bn.

Banque Worms is handling the capital-raising package and will subscribe to the operation, along with the other institutional investors.

## Ciba-Geigy to acquire contact lens group

By John Wicks in Zurich

CIBA-GEIGY Corporation, the U.S. subsidiary of the Swiss chemical group, is to acquire the contact lens and lens care business of American Optical Corporation, of Southbridge, Massachusetts. The company did not disclose financial details.

The deal will "complement and extend" the group's existing activities in the vision care sector, according to the Basle parent company. Ciba-Geigy already manufactures contact lenses in the U.S. through an Atlanta-based subsidiary, as well as owning the West German company Titmus Eurocon Kontaktlinsen in Aschaffenburg.

The vision care sector is currently understood to account for 4 to 5 per cent of Ciba-Geigy's sales of pharmaceutical specialities.

## Unions oppose Renault's sale plan

By OUR PARIS STAFF

RENAULT, the state-owned French motor group, has provoked strong trade union criticism with a plan to sell off its loss-making Micromotors subsidiary as part of a drive to diversify its peripheral operations.

The plan was opposed by representatives of all four of Renault's unions when it was put before a central works committee meeting yesterday.

Micromotors, which lost FF35m (\$4.4m) last year on sales of FF120m, is France's third largest

cycle maker, with about 10 per cent of the market.

In a continuing bid to concentrate Renault's activities in its mainstream car business, M Georges Besse, the chairman brought in at the beginning of the year, has proposed selling the company to the Yver-Gateau group, which makes cycles and small cars for invalids.

Unions, led by the pro-communist CGT federation which has strongly criticised Besse's overall plans for large-scale lay-offs at Renault, believe the divestment would endanger

the 325 jobs at Micromotors.

M Besse has been called in to straighten out finances at Renault, which registered net losses of FF12.55bn last year. Over the summer he has drawn considerable trade union fire with plans to slim the workforce by 21,000. He is also looking for partners for Renault's loss-making machinery business and has announced the scaling down or outright sale of diverse activities in liquid crystal technology, high-performance ceramics and electronic car components.

## American Can up 28% after growth in financial services

By OUR NEW YORK STAFF

AMERICAN Can, the U.S. packaging, specialty retailing and financial services group, yesterday reported a 28 per cent increase in second-quarter net income, fuelled by dramatic growth in its life, insurance and other financial services businesses, which posted a 38 per cent gain in income in the latest period.

The group, based in Greenwich, Connecticut, said net earnings increased to \$45.9m, or \$1.63 a share, from \$35.8m, or \$1.35, in the corresponding period last year. In that latest quarter, net earnings were boosted by a \$4m gain - \$2.9m, or 12 cents a share after tax - from the sale of timberland. For the first half, net income increased by 27 per cent to \$81.2m or \$2.83 a share from \$63.9m or \$2.36 a share in the 1984 period.

The earnings gains came despite marginally lower total revenues. These fell to \$1.01bn in the quarter,

including \$313m from the group's non-consolidated financial services subsidiaries, from \$1.08bn, including \$255m from financial services, a year earlier. First-half total revenues, including \$817m from financial services, fell to \$1.92bn from \$2.11bn, including \$488m from financial services, a year ago.

American Can noted that the decline in total revenues reflected the sale of certain non-strategic operations in late 1984. Mr William Woodside, chairman, commenting on the results, said the latest quarterly earnings gain - the tenth consecutive quarterly earnings improvement - reflected the success of the group's major restructuring programme begun in 1982.

Mr Woodside said its financial services group is currently generating more than American Can's operating income, reflecting strong

sales in most product areas, particularly term life insurance and mutual funds, plus the income contribution from the company's recently acquired mortgage banking subsidiary. American Can claimed that, on the basis of industry statistics, its combined financial services operations sold more individual life insurance in 1984 than any other U.S. company. "Our insurance sales are running well ahead of last year," it said.

American Can said income from its specialty retailing sector improved during the quarter and its packaging division posted an income gain despite the sale last November of the Canadian packaging business. Income from U.S. operations was up, reflecting the company's expansion into high-growth plastics packaging markets together with strong demand for lightweight two-piece beverage cans.

## MCS expects higher 1985 earnings

By Our Frankfurt Correspondent

MCS (Modular Computer and Software Systems), one of the small West German high-technology companies which has recently made a public share offering, expects higher profits this year on sales revenue up to about DM 21m (\$7.45m) compared with DM 12.8m in 1984.

The company, founded in 1974 and specialising in data processing systems for the medical sector, boosted 1985 first-half sales by a third to DM 7.2m and incoming orders by 85 per cent to DM 9.4m.

Pre-tax profits rose to DM 2.2m last year from DM 0.9m in 1983, and the company is paying dividend of DM 6.50 per share. A total of DM 400,000 is being added to reserves.

MCS was one of more than 20 German companies to go public last year, and its shares are traded on the regulated "free market" in Frankfurt.

## Cigarette tax curbs Imasco

By Robert Gibbens in Montreal

IMASCO, the tobacco products, fast-food and retailing group in which BAT Industries of the UK has a 44 per cent stake, is feeling the impact of a sharp rise in federal taxes on cigarettes and stronger competition in the two other main sectors.

But Mr Paul Pare, chairman, says first-half earnings were on target and a basic favourable trend should continue for the rest of the fiscal year.

The first quarter, to June 30, showed net profit of C\$62.1m (\$46.24m), or 57 cents a share, against C\$51.9m or 51 cents. Revenues were C\$1.25bn against C\$1.02bn.

Imasco has a five year maturity. Interest will be paid at 14 per cent above six-month London interbank offered rate (Libor) for Swiss franc deposits.

The secondary market had a slight improvement following the fall in time deposit rates on Tuesday. But the holiday season is keeping the market quiet. National Westminster Bank's warrants fell by SwFr 35 to SwFr 750 yesterday following the interim profit figures.

Bayerische Vereinsbank launched a European currency unit issue to raise Ecu 60m, led by Banque Paribas. This matures in November 1988 and pays a 8% per cent coupon. Issue price is 100%. The proceeds are being swapped into floating rate U.S. dollars.

Merrill Lynch Capital Markets is arranging a \$50m Euronote facility for Bekaert, the Belgian steel wire products maker, will be able to issue short-term notes in dollars or Ecus. The five-year deal will have issuer-set margins with a maximum of 0.1525 per cent over Libor. Underwriting fee is 0.1 per cent for two years and 0.125 per cent for the remaining three.

International bond service, Page 17

## Barlow Rand offers property interest

By JIM JONES in Johannesburg

BARLOW RAND, the South African industrial and mining group, is to raise about R215m (\$104.8m) from its shareholders by selling them a direct interest in Barlow Rand Properties (Barprop), the group's property development and management arm.

Barlow Rand is offering 28.81m ordinary Barprop shares at R1 each in the ratio of 15 Barprop ordinaries for every 100 Barlow Rand ordinaries or preferred ordinaries held. In addition, the same number of Barprop unsecured variable-rate redeemable subordinated loan stock units are to be offered in the same

proportions to Barlow Rand ordinary and preferred ordinary shareholders. The loan stock units will be issued at par at R1 each. The aim of the issue is to provide R175m to repay existing loans to Barprop from Barlow Rand itself.

A further R39m will be used to finance new property developments. After the issue, Barlow Rand will own more than 60 per cent of Barprop's ordinary capital and about 11 per cent of the loan stock.

Barprop owns and manages 152 properties which are occupied by its own companies and a further five which are let to outsiders. In addition, it holds about 50 hectares of land for development.

The directors estimate that earnings per ordinary share will be approximately 9 cents in the financial year to September 30 1986 and that a dividend of 7.5 cents will be declared. The loan stock will pay an initial dividend of 77 cents a unit but that will increase in direct proportion to any increase in the ordinary dividend above 7.5 cents.

Mr George Buttermann, Barprop's chairman, says that by correctly balancing debt and equity in its capital structure, Barprop will be able to tap long-term property money.

placement. Fees total 2 per cent and early sales were being made within that discount.

Deutsche Bank launched the first issue on the August D-Mark Eurobond calendar, a DM 70m issue for Eurofima, the European railway rolling-stock financing group. The issue has a short, four-year life, and the coupon was set at 6 per cent - the lowest since 1979. However, the name is attractive to investors and the issue was seen to trade close to the 9.9% issue price.

Turnover and prices in the D-Mark sector improved yesterday, and new issues were in demand. South African issues picked up again, with good buying seen from retail investors.

Credit Suisse launched a Swiss franc dual-currency issue for Kendall, a subsidiary of Colgate-Palmolive. This is for SwFr 120m, and has a 10-year life. The coupon, which will be payable in Swiss francs, was set at 7 per cent, while redemption will be in U.S. dollars at a rate of \$2.800 per SwFr 5,000 bond. There will be call and put options in 1992. Issue price is par.

A floating rate note raising SwFr 50m was launched for Trinidad and Tobago, by Citicorp Bank (Switzerland). The bonds will be placed pri-

## Good reception for \$150m DnC floater

DEN norske Creditbank showed yesterday that there is a market for Eurodollar floating rate notes - if they are attractively priced, writes Maggie Urry in London. The market has been virtually dead in recent weeks, but DnC's \$150m issue was trading above its par issue price.

The deal, led by Salomon Brothers, is to replace an earlier one for the same amount, launched in March this year. That had been the first FRN to pay an interest rate below London interbank bid rate (Libid) and had been slow to sell. It also used the mis-match formula, reflecting monthly but paying every six months. Some traders believe that a large part of the issue is still on Salomon's books. That deal is being bought back and retired.

DnC will end up with the same cost of borrowing with the new issue, but the terms are more generous to investors. The new deal matures in March 1991, the same date as the old issue, and pays interest at 4 1/4 per cent above six month Libid with front-end fees of 20 basis points.

Investors were attracted by the new call feature, as well as the higher interest rate.

market picked up slightly yesterday, following a better opening in New York. However, traders still remain nervous and no new issues were launched.

The Euro-Australian dollar bond market, deluged with issues last week, is beginning to recover and yesterday Orion Royal Bank launched a \$500m five-year deal for Australian Industry Development Corporation, which is guaranteed by Australia. The coupon was set at 12% per cent, and issue price is 100%. The issue was trading just inside the 2 per cent foot.

Dresdner Bank increased its issue of last week from A\$75m to A\$90m to meet demand from investors. Much of the buying comes from West Germany.

Morgan Stanley launched an issue for Nederlandse Gasunie, the Dutch gas sales company, in the Euro-New Zealand dollar market, another sector which has been suffering from excess paper. This matures in March 1991 and pays a 18% per cent coupon with a 100% per cent issue price. It is connected to a complex swap. Morgan Stanley brought in six co-lead managers covering a broad geographical spread of investors to ensure good

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July 1985

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(Incorporated with limited liability in the State of New South Wales, Australia)

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PK Christiania Bank (UK) Limited  
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The N.Z. \$50,000,000 16½ per cent. Subordinated Bonds due 1988 ("the Bonds") are to be issued at par in the denomination of N.Z. \$1,000 each.

Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List, subject only to the issue of the temporary Global Bond.

Interest at the rate of 16½ per cent. will be payable annually in arrears in August each year, the first such payment being made in August, 1986.

Listing particulars relating to the Bonds and Westpac Banking Corporation are available in the Extel Statistical Services and copies may be obtained during normal business hours up to and including 5th August, 1985 from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2 and up to and including 15th August, 1985 from:

Westpac Banking Corporation  
Wellbrook House  
23 Wellbrook  
London EC4

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1st August, 1985

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July, 1985



IDB INTERNATIONAL N.V.  
U.S. \$50,000,000

Guaranteed Floating Rate Notes 1986  
Unconditionally and irrevocably guaranteed as to  
payment of principal and interest by

ISRAEL DISCOUNT BANK LIMITED

For the three months  
31st July 1985 to 31st October 1985  
the Notes will carry an  
interest rate of 8½ per annum.  
The relevant Interest Payment Date will be  
31st October 1985

Bankers Trust Company, London  
Fiscal Agent

### Public Works Loan Board rates

Effective July 31					
Years		Quota loans repaid at		Non-quota loans A* repaid at	
		by EPT	at maturity	by EPT	at maturity
1	100	100	100	111	111
Over 1, up to 2	100	100	100	111	111
Over 2, up to 3	100	100	100	111	111
Over 3, up to 4	100	100	100	111	111
Over 4, up to 5	100	100	100	111	111
Over 5, up to 6	100	100	100	111	111
Over 6, up to 7	100	100	100	111	111
Over 7, up to 8	100	100	100	111	111
Over 8, up to 9	100	100	100	111	111
Over 9, up to 10	100	100	100	111	111
Over 10, up to 15	111	100	100	111	111
Over 15, up to 25	100	100	100	111	111
Over 25	100	100	100	100	100

\* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

## INTL. COMPANIES & FINANCE

# Kuwait considers aid for banks

BY KATHLEEN EVANS IN KUWAIT

THE KUWAIT Government is considering depositing up to KD 500m (\$1.5bn) with the country's banking system. Financial analysts in the City believe that the move could lead to greater state participation in the banking sector.

The amount has not yet been officially confirmed, but the figure of KD 500m has been mentioned in recent remarks to the local Press by Jassim Khorafi, Kuwait's Finance Minister. It first emerged in a letter from Abdul Wahab Tammam, the central bank governor, leaked to a Kuwaiti newspaper. The letter made it clear that the funds were necessary to help banks reschedule clients who have suffered from the impact of the 1982 Souk al-Manakh stock exchange disaster.

Bankers in Kuwait say that the injection will become necessary if they are to abide by recent central bank proposals concerning provisions for future loan losses. The required provisions have not yet been fully outlined by the central bank, but senior financial officials say that the authorities are aiming for a provision of 5 per cent of total loan portfolios. In the meantime, provisions required were thought to be 15 per cent for loans overdue up to 180 days, 45 per cent on loans outstanding for 181 days, and 100 per cent for debts due over one year.

Bankers say that if the central bank sticks to these ideas on provisions, then cash injections will become vital. Several senior bank executives in Kuwait believe that unless the money is made available soon, a number of banks could face losses and even a position of negative net worth by the end of the year.

Bank executives emphasise that the funds are needed to generate income, not to add to the deposit base. Kuwait banks are still highly liquid and are still net lenders to the outside

banking community. However, credit demand in Kuwait is very sluggish and the deposits are needed on a long-term low interest basis so that profits can be made by the end of the year. Central bank officials in Kuwait were reluctant to discuss the situation though one official remarked that the funds would not be made available merely to help make the banks profitable, only to keep them sound.

Local economists believe that non-performing loans average between 25 and 40 per cent of total bank credit varying from bank to bank. Total bank credit is KD 3.8bn (\$11.4bn). Total capital and published reserves of the Kuwaiti banking system are around KD 950m with hidden reserves estimated at no more than KD 800m—and possibly a good deal less.

Some economists fear that even if the KD 500m was pumped into the system at a zero rate of interest, the picture would still look gloomy at the end of the year. Local stock-brokers point out that if bank results at the year end are lacklustre, or if losses are registered, confidence in the local stock market would plunge even further. This would in turn uncover more bank exposure, since shares have been a principal form of collateral for bank loans in Kuwait.

### Share prices fall

The market perked up slightly when the government first hinted that funds were going to be deposited in the banking system, but since then the market index has resumed its downward course. The All Share Index has fallen from 52.1 since the first week of this year.

Moreover, Mr Jassim Khorafi has made it clear that the funds will be made available to banks only after they have rescheduled the debts of all their Manakh clients and after

inner reserves (both published and hidden), have been exhausted. One banker likened such conditions to being forced to go naked, cap in hand to the government. "We need a safety net, and we need it now," commented one analyst.

Rescheduling the Manakh debts is proving a slow and difficult process. There is still a tightly knit group of large investors who have not been referred to the receiver. Until the extent of the settlements of their debts is known, the financial status of other investors involved with them remains difficult to assess. Furthermore, many Kuwaitis still feel that the government is going to bail them out, and are consequently resisting attempts by their banks to reschedule their debts. No official has yet given any clear idea of how the government wishes to see the rescheduling packages emerge—over how many years, or at what rates of interest. Some bank clients are clearly bankrupt, and their companies have no hope of resurrection.

A recent report by the Finance Ministry on 37 non-financial companies listed on the stock exchange revealed that 20 were experiencing "urgent problems," while 12 had medium-term problems which could eventually be sorted out. Only five were said to be "fairly sound." The study also found that seven of the Gulf companies which were formerly traded on the Souk al-Manakh showed losses exceeding 75 per cent of their capital. Eight Kuwaiti closed shareholding companies were in the same situation and three such companies had already been referred to the government receiver.

The Stock Exchange appears to have taken little action over these companies, despite pledges that the new market would be run on strictly regulated lines. The problem is that, were the

Stock Exchange to suspend trading in these shares, bank collateral would be further eroded.

Although the sum of KD 500m has been mentioned unofficially by the Finance Minister, no formal plan has been put to the country's parliament concerning this use of public money. Parliament did, however, discuss the Minister's general preliminary report on the economy, which contained the suggestion that money might be put into supporting the banking system. It is still unclear whether parliamentary approval will have to be sought separately to go ahead with the plan. In the past, deputies have proved reluctant to use public money to bail out Manakh investors.

### Conditions attached

However, there have already been suggestions from some members of parliament that if public money is to be used, certain conditions should be attached. Among the ideas emerging are that the government might take powers to change the boards of banks receiving funds; might appoint government or central bank representatives to their boards; or alternatively might seek an equity stake in the banks in return for assistance. The implication that the country's private sector has run the banks unwisely in the past is likely to anger the large merchant families who are represented on the bank boards. Many of them feel that it was lack of government supervision which led to the stock market crisis in the first place.

But already analysts are predicting that in the next few years, such moves could lead to creeping nationalisation of Kuwait's banking sector.

### JAPANESE RESULTS

#### CITIZEN WATCH

Year to	Mar '85	Mar '84
Revenue (bn)	280.1	277.7
Pre-tax profit (bn)	14.8	12.52
Net profit (bn)	6.73	8.08
Net per share	27.34	41.76

#### ISHIKAWAJIMA-HARIMA

Year to	Mar '85	Mar '84
Revenue (bn)	945	1,082
Pre-tax profit (bn)	8.87	11.54
Net profit (bn)	5.39	8.39

#### JAPAN LINE

Year to	Mar '85	Mar '84
Revenue (bn)	238.34	256.84
Pre-tax profit (bn)	119.02	122.22
Net profit (bn)	116.55	118.78
Net per share	121.31	121.58

#### KAJIMA

Year to	Mar '85	Mar '84
Revenue (bn)	482.1	418.2
Pre-tax profit (bn)	13.38	12.58
Net profit (bn)	7.13	7.28
Net per share	3.21	3.50
Dividend	4.50	4.50

#### KANEMATSU-GOSHO

Year to	Mar '85	Mar '84
Revenue (bn)	4,310	3,743
Pre-tax profit (bn)	1.11	1.92
Net profit (bn)	0.30	10.74

#### KAWASAKI HEAVY

Year to	Mar '85	Mar '84
Revenue (bn)	825.7	820.4
Pre-tax profit (bn)	8.01	13.8
Net profit (bn)	6.04	—

#### KONISHIROKU

Year to	Mar '85	Mar '84
Revenue (bn)	355.5	334.4
Pre-tax profit (bn)	6.68	14.51
Net profit (bn)	35.41	41.91

#### MAZDA

Year to	Mar '85	Mar '84
Revenue (bn)	1,200	1,275
Pre-tax profit (bn)	3.68	14.51
Net profit (bn)	128.37	115.04

#### MAZDA OIL

Year to	Mar '85	Mar '84
Revenue (bn)	1,200	1,275
Pre-tax profit (bn)	3.68	14.51
Net profit (bn)	128.37	115.04

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Year to	Mar '85	Mar '84
Revenue (bn)	1,200	1,275
Pre-tax profit (bn)	3.68	14.51
Net profit (bn)	128.37	115.04

#### OKI ELECTRIC

Year to	Mar '85	Mar '84
Revenue (bn)	417.5	348.4
Pre-tax profit (bn)	9.18	8.24
Net profit (bn)	19.53	20.82

#### OMRON TATEISI

Year to	Mar '85	Mar '84
Revenue (bn)	233.64	221.45
Pre-tax profit (bn)	25.28	22.94
Net profit (bn)	10.5	1.35
Net per share	52.85	61.84

#### SANKYO CO.

Year to	Mar '85	Mar '84
Revenue (bn)	267.04	362.55
Pre-tax profit (bn)	26.98	27.52
Net profit (bn)	9.89	10.46
Net per share	32.52	42.66

#### SHIONOGI

Year to	Mar '85	Mar '84
Revenue (bn)	241.04	220.71
Pre-tax profit (bn)	25.47	26.81

#### SHOWA

Year to	Mar '85	Mar '84
Revenue (bn)	621.7	782.2
Pre-tax profit (bn)	4.31	2.93
Net profit (bn)	17.02	11.57

#### SUMITOMO BANK

Year to	Mar '85	Mar '84
Revenue (bn)	2,232	—
Pre-tax profit (bn)	77.2	—
Net profit (bn)	34.96	—

#### NOTICE OF REDEMPTION TO HOLDERS OF

CITY OF STOCKHOLM

Kuwait Dinars 7,000,000

10 per cent. Bonds due 1991

### NOTICE OF REDEMPTION TO HOLDERS OF CITY OF STOCKHOLM

Second Mandatory Redemption Due 1st September, 1985 Of Kuwait Dinars 500,000

NOTICE IS HEREBY GIVEN that, pursuant to condition 5 (A) of the above mentioned Bonds, Kuwait Investment Company (S.A.K.), as Fiscal Agent, has drawn by lot, for redemption on 1st September, 1985, at 100% of the principal amount thereof through operation of the Sinking Fund, Kuwait Dinars 500,000 principal amount of said 10% Bonds due 1st September, 1991, bearing the following distinctive numbers:

00029-00070  
00673-00714  
01001-01042  
02066-02107  
02478-02519  
02977-03018

03555-03596  
04184-04225  
04762-04803  
05276-05317  
05981-06022  
06829-06866

The Bonds specified above will become due and payable in Kuwaiti Dinars at the offices of Kuwait Investment Company (S.A.K.), Mubarak Al-Kabir Street, Kuwait City, State of Kuwait, or at the option of the bearer, but subject to applicable laws and regulations, at the main offices of Citibank, N.A., in London and Kreditbank S.A. Luxembourg in Luxembourg by cheque drawn on a Kuwaiti Dinar account, with, or by a transfer to a Kuwaiti Dinar account maintained by the payee with a bank in Kuwait. From and after, 1st September, 1985, interest on the above mentioned Bonds will cease to accrue.

Bonds should be surrendered for payment together with all unstated coupons appertaining thereto, failing which the face value of the missing unstated coupons will be deducted from the principal amount.

The aggregate principal amount of Bonds remaining outstanding after 1st September, 1985, will be Kuwaiti Dinars 6,000,000.

KUWAIT INVESTMENT COMPANY (S.A.K.) on behalf of CITY OF STOCKHOLM

Dated: 1st August, 1985



## INTL. COMPANIES AND FINANCE

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 31.

U.S. DOLLAR	Issued	Bid	Offer	Change on day	Week	Yield
STRAIGHTS						
Amex Credit 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.07
Amex Credit 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.08
Amex Credit 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.09
Bank of Tokyo 10% 81	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.10
BP Capital 11% 82	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.11
Canada 11% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.12
Canadian Pac 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.13
CSX Inc 11% 82	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.14
Chenoweth U.S.A. 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.15
Citibank Corp 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.16
Coma Cola 11% 81	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.17
Denmark 10% 81	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.18
Denmark 11% 81	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.19
Denmark 12% 81	100	103 1/2	104 1/2	+0 1/2	-0 1/2	10.20
E.C.B. 11% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.21
E.C.B. 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.22
Export Dev Corp 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.23
Export Dev Corp 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.24
Export Dev Corp 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.25
Ford Motor Credit 11% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.26
Ford Motor Credit 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.27
Ford Motor Credit 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.28
Gen Elec Credit 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.29
GMAC 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.30
IBM Credit 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.31
Indus. & Com. 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.32
Japan Air Lines 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.33
Japan Air Lines 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.34
Kellogg Company 11% 82	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.35
L.T.C.B. 12% 81	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.36
Maryland 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.37
Mellon Bank 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.38
Mellon Bank 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.39
Mellon Bank 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.40
Morgan Guaranty 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.41
Morgan Guaranty 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.42
Morgan Guaranty 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.43
Perseus 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.44
Perseus 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.45
Perseus 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.46
Prudential 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.47
Prudential 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.48
Prudential 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.49
Rockwell 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.50
Rockwell 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.51
Rockwell 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.52
World Bank 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.53
World Bank 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.54
World Bank 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.55
Average price change on day - 0 1/2 on week - 0 1/2						
DEUTSCHE MARK						
STRAIGHTS						
Adrian Dev Bank 8% 84	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.07
Austria 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.08
Bank of Montreal 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.09
Bank of Montreal 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.10
Bank of Montreal 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.11
Bank of Tokyo 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.12
Bank of Tokyo 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.13
Bank of Tokyo 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.14
Bank of West 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.15
Bank of West 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.16
Bank of West 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.17
Bank of Zurich 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.18
Bank of Zurich 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.19
Bank of Zurich 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.20
Bank of London 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.21
Bank of London 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.22
Bank of London 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.23
Bank of Paris 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.24
Bank of Paris 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.25
Bank of Paris 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.26
Bank of Rome 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.27
Bank of Rome 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.28
Bank of Rome 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.29
Bank of Spain 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.30
Bank of Spain 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.31
Bank of Spain 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.32
Bank of Sweden 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.33
Bank of Sweden 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.34
Bank of Sweden 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.35
Bank of Switzerland 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.36
Bank of Switzerland 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.37
Bank of Switzerland 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.38
Bank of the Netherlands 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.39
Bank of the Netherlands 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.40
Bank of the Netherlands 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.41
Bank of Belgium 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.42
Bank of Belgium 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.43
Bank of Belgium 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.44
Bank of Luxembourg 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.45
Bank of Luxembourg 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.46
Bank of Luxembourg 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.47
Bank of Greece 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.48
Bank of Greece 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.49
Bank of Greece 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.50
Bank of Portugal 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.51
Bank of Portugal 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.52
Bank of Portugal 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.53
Bank of Ireland 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.54
Bank of Ireland 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.55
Bank of Ireland 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.56
Bank of Australia 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.57
Bank of Australia 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.58
Bank of Australia 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.59
Bank of New Zealand 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.60
Bank of New Zealand 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.61
Bank of New Zealand 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.62
Bank of South Africa 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.63
Bank of South Africa 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.64
Bank of South Africa 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.65
Bank of Argentina 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.66
Bank of Argentina 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.67
Bank of Argentina 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.68
Bank of Brazil 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.69
Bank of Brazil 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.70
Bank of Brazil 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.71
Bank of Chile 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.72
Bank of Chile 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.73
Bank of Chile 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.74
Bank of Colombia 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.75
Bank of Colombia 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.76
Bank of Colombia 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.77
Bank of Costa Rica 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.78
Bank of Costa Rica 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.79
Bank of Costa Rica 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.80
Bank of Cuba 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.81
Bank of Cuba 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.82
Bank of Cuba 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.83
Bank of Ecuador 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.84
Bank of Ecuador 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.85
Bank of Ecuador 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.86
Bank of El Salvador 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.87
Bank of El Salvador 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.88
Bank of El Salvador 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.89
Bank of Guatemala 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.90
Bank of Guatemala 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.91
Bank of Guatemala 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.92
Bank of Honduras 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.93
Bank of Honduras 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.94
Bank of Honduras 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.95
Bank of Mexico 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.96
Bank of Mexico 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	10.97
Bank of Mexico 14% 80	100	104 1/2	105 1/2	+0 1/2	-0 1/2	10.98
Bank of Nicaragua 10% 80	100	101 1/2	102 1/2	+0 1/2	-0 1/2	10.99
Bank of Nicaragua 12% 80	100	102 1/2	103 1/2	+0 1/2	-0 1/2	11.00
Bank of Nicaragua 14% 80	100	10				

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#### Subsidiary Company Assistant Manager

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#### Market Analyst

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To review the management and potential of our new airline related business, and to develop and implement planning, control and administration procedures of new ventures. You'll need a degree in Economics (or an associated commercial subject), as well as 10/15 years' Financial/business management experience. Ref: NVPM.

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## APPOINTMENTS

### Senior IMI Group posts

Mr John Rupert Crane, an assistant managing director of IMI, has retired. He has been succeeded as chairman of IMI Titanium by Mr G. J. Allen, an assistant managing director of IMI (who will also take over responsibility for IMI Summerfield and the IMI research and development function), as chairman of IMI Roughton by Mr W. Heitola and as chairman of IMI Rolled Metals by Mr D. V. Ayres. All will retain their existing responsibilities as executive directors of IMI.

Mr David Archard has been appointed managing director of MANNESMANN TALLY. He was general manager and takes over from Mr William Moore who is

viously financial controller. Mr Randles was field sales manager.

Mr W. C. Campbell has been appointed managing director of ASSOCIATED CONTAINER TRANSPORTATION SERVICES (ACTS) and a director of ACT. He was appointed a director of ACTS in 1976 and the following year he was named deputy general manager.

Mr Marcus Berensford has been appointed managing director of PLESSEY CONTROLS. Following the appointment of Mr Ernest Jones as president of Stromberg Carlson Corp. Florida, Mr Berensford joined Plessey from Lucas Electronics and Systems, where he was the director and general manager.

Mr Adrian Blackshaw has been appointed an associate director of CHARLES BARKER CITY.

Mr Jeremy Letchford has joined BRITISH SUGAR as joint company secretary. He is in preparation for the retirement next year of joint company secretary Mr Philip Cooper.

Mr Kevin McMahon has rejoined the BRITISH PRINTING AND COMMUNICATION CORPORATION and has been appointed to the board of BPCC. McMahon was previously with BPCC as personnel director of Waterlow and Sons and before that was industrial relations advisor at the group's head office. Mr McMahon joins BPCC from the Guardian newspaper, where he was responsible for industrial relations.

Mr Robert Moore has been appointed managing director of DIAMOND SHAMROCK PROCESS CHEMICALS. He succeeds Mr R. Wolfenden, who has retired.

Lyndee (Holdings) has acquired through its subsidiary Taylor-Bradbury Furniture Contracts the business of REPROLINE REPRODUCTION FURNITURE. Appointed to the board of Reproline is Mr M. J. Lyndee as managing director. Miss R. C. Taylor is director of financial resources and Mr A. Taylor as marketing director.

Mr Tom Weatherly has been appointed chairman and managing director of WHITECROFT on the retirement of Mr John Tavaré from the board. A former joint group managing director of Total, Mr Weatherly was group chief executive of Readson, a Manchester-based private company, mainly operating in

Mr David Archard, managing director of Mannesmann Tally.

now president of Mannesmann Tally Corporation in Seattle, Washington. The company is a division of the West German engineering group, Mannesmann AG.

Mr R. D. C. Hubbard has been appointed deputy chairman of POWELL DUFFRYN and will succeed Viscount Sandon as chairman on December 31. Mr Hubbard has been finance director since 1976, a responsibility he retains. Mr W. G. Andrews has been appointed deputy chief executive and will succeed Mr John Franklin as chief executive on the same date. Mr Andrews has been with the group for over 20 years and an executive director of Powell Duffryn since 1976. Mr Franklin will remain on the board as an executive director until his retirement in July 1988.

WESTLAND has appointed Mr K. Wills as production director, helicopter and hovercraft group. Dr J. D. Aitk has become managing director of Saunders-Roe Developments and Mr A. J. Bundy has become general manager and finance director.

Mr James G. West has been appointed to the board of GLOBE INVESTMENT TRUST as deputy managing director. He has been part of the investment management team since 1973 and has had particular responsibility for the management of its UK portfolio.

EATON CORPORATION has appointed Mr Alan R. Kelwick as director of corporate affairs Europe and Mr Paul J. Williams as director of personnel Europe and Africa.

Mr Eddie Atkinson, at present managing, group training, LAND BANK has been appointed south west regional director, from August 1 in succession to Mr Alan Troop, who has retired.

Mr Selwyn White, financial director of E. Gomme, has been appointed to the main board of GOMME HOLDINGS. He joined the group in December 1981. Mr David Gomme, who joined E. Gomme as assistant company secretary, has now been appointed company secretary of Gomme Holdings.

Mr Edward Davies and Mr Alan G. Kennedy have been appointed non-executive directors of REFUGEE GROUP from August 1. Mr Davies is managing director of Provident Financial Group and Mr Kennedy is deputy chairman and chief executive of the Thomas Cook Group.

CAMBRIDGE ELECTRONIC INDUSTRIES has appointed Mr Barrie Crupper as managing director of subsidiary company C.I. (Polymers). He was with the Allen-Bradley Group.

Mr Alan W. Goodman has been appointed a member of the Devon and Cornwall regional board of LLOYDS BANK from September. Mr Goodman recently retired as regional general manager, Devon and Cornwall regional head office.

Mr Ron Kirby has joined RICHMOND SOFTWARE as managing director. He was previously managing director of Computer Market, which he founded in 1982.

Mr Douglas Payne has been appointed an executive director of HARGREAVES GROUP.

Mr Andrew Buchanan has been appointed a local director of BARCLAYS BANK in Scotland. He takes up his post in October. Mr Buchanan comes to Barclays from the Royal Bank of Scotland where he was general manager, central region.

PROVIDENCE CAPITOL LIFE ASSURANCE CO has appointed Mr Andrew Palmer as company secretary.

FERRAG has made the following appointments to the board: Mr Joe Bell, finance director; Mr George Randles, sales director. Mr Bell, who is also made a director of T&F Equipment, a Ferrag subsidiary, was previously

the textile industry, from 1974 to January 1985. He is a non-executive director of Simon Engineering and Chamberlain Phipps, and was appointed a non-executive director of Whitecroft in January 1984 and deputy chairman in February 1985.

Mr Tom Weatherly, chairman and managing director of Whitecroft.

Mr Walter Smith, formerly director general of the Ordnance Survey, has been appointed a non-executive director of SYSSCAN (UK).

Mr David S. Atkinson has joined the board of MORGAN JOWELL as pre-contracts director.

Mr Howard J. Clanssen, managing director of DU PONT (UK), a subsidiary of the U.S. international chemical and energy corporation, has taken on additional responsibilities as director of Research and Development (Europe). His new duties will include evaluation of business opportunities for petrochemicals in Europe.

ULSTER TELEVISION has appointed Mrs Betty Macquitty, author and economist, and Mr Harry Catherwood, a Northern Ireland businessman with interests in the building industry, as vice-chairmen. On reaching the prescribed statutory age limit, Miss Betty Box and Miss Joan Trimble have to leave the board.

A new group has been created - AGB SURVEYS. This will be responsible for the management of Research Surveys of Great Britain, Medical Market Studies, Audience Selection, AGB Cable Viewdata, Quastel Qualitative Studies, AGB Research International and QED Research. The operating directors will be Mr Frank Teer (chairman), Mr Nigel Buchanan (managing), Mr John Clements (marketing and development) and Mr Robert Howard-Jones (finance).

Mr Michael Daw has joined the board of DPCE (UK), computer maintenance company, as financial director. He has also been appointed company secretary of the parent company, DPCE (Holdings). He joined DPCE (UK) in March 1984 as financial controller, after working as a senior financial accountant at Hewlett-Packard.



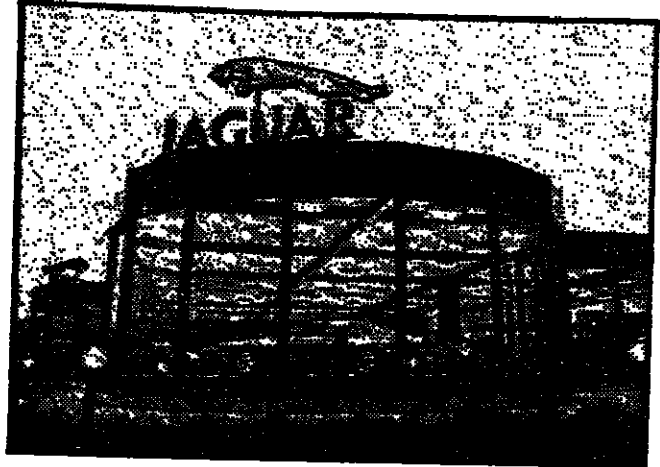
## MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

While dealer networks are the traditional marketing outlet of Western car industries, a more direct approach is the norm in Japan

## Jaguar eyes W. Germany

BY KENNETH GOODING



Jaguar's highly conspicuous Kronberg headquarters

JAGUAR, Britain's luxury car group, is belatedly making considerable headway with its drive into West Germany, home of its major rivals, BMW, Porsche and Daimler-Benz, the Mercedes company. Sales were a lowly 845 cars in 1982 but reached 1,938 last year and are on course for a record 2,500 in 1985.

How was this achieved? "If you have mucked it up consistently for the past 20 years, it is not too difficult to show progress once you start doing things in a sensible way," says David Boole, director of public affairs for Jaguar.

It does seem that West Germany is one market where the separation of Jaguar from the state-owned BL has paid remarkable dividends. When Jaguar cars were sold alongside other BL products with the emphasis put on low cost, value-for-money image, there was clear conflict with the approach required to sell Jaguars successfully.

As John Morgan, Jaguar's European sales director, says: "We want good-quality, conservative-style presentation of our products. This is the approach we have followed consistently for the past two years and the results show it is working. We are on solid ground."

West Germany is vitally important to Jaguar. It is the second-largest luxury car market in the world after the U.S. with an annual demand for 60,000 cars of that type. Neil Johnson, the sales and marketing director, looks forward to the day when West Germany should absorb more Jaguar cars than the UK, where registrations totalled 7,544 last year.

In the medium-term the objective is to take 10 per cent of the West German car market, representing sales of 5,500 to 6,000 a year.

Jaguar began its revitalisation process by carefully choosing a new partner to replace BL in West Germany when it became obvious that the luxury car company would be sold back to the private sector.

It selected the Emil Frey group, one of the largest vehicle importers on the Continent and the oldest Jaguar importer in the world. In 1926 Emil Frey, who started two years before selling motor-cars in Zurich, Switzerland, extended the business to include importing and distributing cars from Britain.

Wolsey, SS-Swallow, later to be renamed Jaguar, and Singer models.

Today the group imports Jaguar, Austin Rover and Land Rover vehicles to Switzerland as well as Toyota and Subaru cars from Japan and Chryslers from the U.S. Frey also operates in

France — importing Toyota cars and Motozuzzi motor-bikes — and in West Germany where it has the Subaru franchise.

In November 1984 Frey and Jaguar set up a joint company with an initial capital of DM 6M (about £1.5m) of which the UK company contributed enough for a 35 per cent shareholding.

Frey recruited Otto, Prince of Sayn-Wittgenstein, as chief executive. He has been in the motor business since he was 19 (he is now 46) and until he joined Jaguar Deutschland, was with Citroën as the regional director responsible for the north of Germany with 180 dealers to look after.

Prince Otto says it was impossible to resist the invitation to head the new Jaguar company. "Jaguar is an absolutely perfect car with a very good image in Germany. If customers are looked after properly it can be sold at any price."

In fact, Jaguars have been carefully placed to compete with the "S" class Mercedes at DM 78,000 to DM 87,000 (£19,000 to £22,000).

The German Jaguar company has arranged for a complex housing a new headquarters, import centre, spare parts and logistics, near Frankfurt. It has now moved in with a staff of 65 and a long lease.

The Kronberg site was selected because the build-

ing, now highly-conspicuously decked out in racing green with Jaguar's familiar leaping cat logo prominently displayed, is alongside the main road to Frankfurt and one of the most affluent parts of the most affluent country in Europe. It is said that every one of West Germany's senior industrialists travels along that road at least once a year.

The retail outlet was opened formally last month and it should sell 50 cars this year. Fifteen were ordered as soon as word got round that the outlet was to be set up — not one of those customers wanted to inspect a car.

Jaguar Deutschland also disintegrated the 110 dealers who held the Jaguar franchise from those in the Austin Rover car network, attempting not to do damage to either company.

Some 35 Jaguar dealers were given their notice but the number has crept back to 101 as Jaguar began recruiting again. On the face of it Jaguar could operate with far fewer dealers.

Ten outlets currently account for 70 per cent of all the cars sold and 20 nearly 100 per cent. However, people do not like travelling more than about 60 miles to have their cars serviced so Jaguar needs many small dealers, selling one to 15 cars a year. Many are former Austin Rover outlets.

The small dealers have not

been expected to put much extra capital into the Jaguar business but to invest in manpower and training. The new headquarters at Kronberg can provide training when needed.

In 1984 the dealers were told that they must set aside part of their sales and specifically for Jaguar and that they must have one trained service person and one fully-trained Jaguar mechanic if they wanted to keep the franchise.

This year, those dealers who wish to remain with Jaguar are being forced to improve their showroom presentation. They must also put aside one corner of their showroom specifically for Jaguar and must have one demonstrator model available in perfect condition — and it must be a current model. Jaguar's own outlet at Kronberg provides an example of what the company expects in future.

The company will probably lose another 30 per cent of its current dealer network because of these demands but applications for the franchise are arriving at the rate of six a week.

So, by the end of 1985 we will have reorganised and strengthened the dealer network in time for the launch of the XJ40," says Morgan. XJ40 is the model which will replace Jaguar's best-selling XJ saloons, probably some time next year.

The company feels that sales of 2,500 cars a year is about the most it can hope for from the current models but the XJ40 offers the chance to move on to achieve 10 per cent of the West German luxury car market by 1990 by which time Jaguar hopes to have 180 strong dealers.

Jaguar's ambitions seem relatively modest compared with BMW's sale of 28,725 cars in Britain through its 149 dealers last year and the 14,057 Mercedes cars registered through 105 dealers.

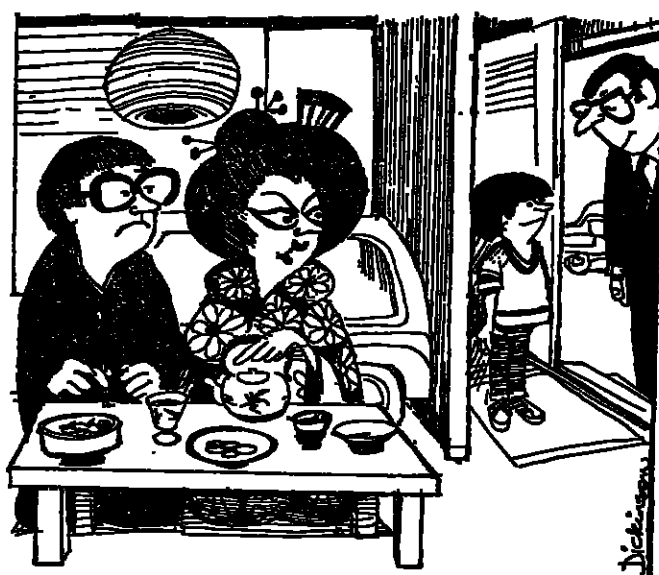
But, insists Neil Johnson, the strategic push into West Germany is an absolutely crucial part of Jaguar's determined drive to spread its sales over a wider geographic area, to do better on the Continent and to cut the group's heavy reliance on the U.S. market.

"If Jaguar wanted to maximise profit today it would be sending all its cars to the U.S., a highly-profitable market because of the strong dollar, not to Germany, the most-competitive luxury car market in the world where margins are low."

But the long-term health of Jaguar depends on one quarter of its output going to Continental markets in the longer term. And most of Jaguar's Continental sales will be made in West Germany.

## The foot soldiers selling more than just cars

BY CARLA RAPOPORT IN TOKYO



"If that's the man selling cars, tell him we haven't used the one from last week yet."

DOOR-TO-DOOR selling in most industrialised countries has gone the way of the percolating coffee pot and the black and white television set. For the most part, direct selling is done on the telephone, through the post, or increasingly in some parts of the world, through home teletext systems.

One imagines Japan, the world's second richest industrialised nation, to be at the forefront of the interactive media revolution. One can almost see housewives in Tokyo lunched over their VDUs, punching out an order for that night's sushi.

In fact, direct selling in Japan is still very much rooted in yesterday's technology. Businesses of all kinds still depend on the door-to-door salesman. The salesman must be a businessman working at home in residential Tokyo was visited by people selling things including motor cars, a water purification system, bean curd, tennis holidays and Jehovah's Witnesses. And these were just the salesmen who spoke enough English to describe their wares.

## Mania

But in many cases door-to-door selling in Japan is much more than it seems. Taking the car industry as a prime example, door-to-door selling is actually an extension of the Japanese mania for customer service. A foreign company which dismisses this mania as outdated, unnecessary or too costly is probably doing itself a disservice.

"We go through changes, but door-to-door selling will remain," says Motoya Usami, domestic marketing manager for Nissan, Japan's second largest car-maker. Nissan dealers alone have an army of around 30,000 salesmen. On average, door-to-door salesmen will sell four to five cars each month. But for Nissan, the system fosters one of the company's most valuable assets: brand loyalty.

Nearly 70 per cent of car buyers in Japan remain loyal to one manufacturer through-

out their lives. For the most part, that loyalty is due to the dedication of the door-to-door salesman. The salesman not only sells a car, he sells himself as part of the deal.

Nissan's individual salesmen, for example, know when each of their customers might be ready for a trade-in. Not only that, they probably have a good idea whether the customer can afford a new Nissan car. The salesman is also on call to help handle the paperwork following an accident, help arrange the car's repair, or simply remind a customer when his or her car is up for a routine maintenance check.

In most cases, the salesman will arrange to have his customer's car collected and returned to the customer's home when it is time for a maintenance check-up. While making these arrangements, the good salesman will check to see if the customer is thinking about buying a new car. Soliciting questions about his or her family will help the salesman determine whether the breadwinner has had a promotion, or whether the children are now

enrolled in expensive schools. This information is then carefully filed away, often in computer files, along with purchase dates and any credit history.

A day in the company of a door-to-door salesman is enough to convince a skeptic that Japanese companies really do pamper their customers. On a recent baking hot day, Mr. Yamamoto, a 32-year-old salesman for Tokyo Nissan, slugged around to four customers before lunch. At each visit there was no trace of a hard sell. One got the impression that these were social calls, something that would be a distinct nuisance to an American or European business person, but something the Japanese welcomed.

At each stop, Yamamoto was greeted warmly, given cups of green tea, but in no case was a promise of a sale given. Even so, the young salesman was undaunted. Following a visit to a Tokyo radio station, he continued his rounds. Next visit, I'm pretty sure he will buy a new model."

At another stop he chatted

with a school administrator, who handled the purchase of the school's small fleet of cars and vans. The fleet is made up of about half Nissan cars, as mixed fleets are quite common in Japan. His job is to visit each owner of a fleet car and make sure they stay with Nissan. He was unsuccessful with the school's head, however, who switched to a Mercedes Benz two years ago.

In general, salesmen like Yamamoto make very few "cold" calls. "We don't go in for saturation bombing," says a Nissan executive. Instead, the salesmen make appointments with car owners at their offices. If this is impractical, he visits their homes. Most salesmen end up working a six-day week and get about two weeks' holiday a year. Most work on a straight salary of around ¥4m (£11,500) a year, but commissioned salesmen are not uncommon.

A university graduate, Yamamoto said his job was a "kind of privilege." He seemed genuinely proud of what he was doing, even down to giving away packets of cheap handkerchiefs to each customer with a Father Christmas kind of air.

## Dependent

With domestic sales of cars showing almost no growth, Nissan is increasingly dependent on its foot soldiers like Yamamoto. The company says that 60 per cent of its operating profit comes from frills like insurance, after-purchase deals and other extras, with only 40 per cent coming from selling cars.

As far as the dealers are concerned, new forms of distribution systems are eroding their business. These include leasing companies, department stores and even mail order companies, who are all getting into the car sales act. "We can sell to these other kinds of companies," says a Tokyo Nissan executive, "but we lose direct contact with the customer. After all, it is the customer, after all, who buys the frills and keeps coming to the same company."

## TECHNOLOGY

## Software that tracks down faults on a production line

Peter Marsh on manufacturing control

THE SUPERMARKET manager has a problem. A customer has fallen ill after eating a can of beef-stew bought from his shop and the manager wants to find out why and how the mishap happened.

Discovering the details, however, may be far from easy. The manufacturer, which prepared the food, may have problems tracing exactly what happened to the product as it progressed through the factory.

Still more difficult may be to find out about the raw materials that went into the stew. For instance, the food company could encounter problems in discovering which abattoir provided the meat, let alone details about the sequence of events on the farm where the animal was reared prior to slaughter.

Difficulties of this kind crop up time and again in a variety of industries. Manufacturers of specialised equipment such as defence hardware may have to convince customers that they have satisfied customer requirements, over security for instance, at each stage in a production process.

Companies that turn out anything from confectionery to drugs may be called upon to list huge volumes of information about individual points in the manufacturing cycle to satisfy

government regulations on safety and address. To meet the requirements of organisations with such problems, Martin Marietta Data Systems of the U.S. has introduced a software package that can trace the history of a product from computers details of the minutiae concerning products and raw materials.

According to Hoskyns, a London-based Martin Marietta subsidiary which is selling the package in the UK, the software is an improvement on the manufacturing-control packages that are routinely available.

A range of companies, from major computer suppliers such as IBM and DEC to software houses such as Sicon and Logics, sell programs of this kind that help companies to manage their processing or engineering operations.

With the Martin Marietta software a manufacturer can insert in computers a range of information, for example, quality control procedures, the origin of raw materials, the progress of products through manufacturing stages and details of by-products.

Operators on the shop floor would provide Hewlett-Packard minicomputers with these details using small terminals. At a later stage, managers would be able to interrogate the com-



puters to call up data from every phase of manufacture.

One customer in the U.S. is King Shrimp, a Florida-based food company which has a system keeps track of information about its fish products. With the software, the company can find out about when and where the fish were caught for specific packaged items.

It also uses the system to log information about by-products from fish processing operations, for example the fertilisers that are made from shells.

Other companies to buy the Martin Marietta software include BASF, which makes magnetic tapes, and drug manufacturers such as Sandoz, Merck and Key Pharmaceuticals.

According to Hoskyns, stringent federal regulations in the U.S. on food and drug safety laws are causing more companies to

introduce such systems.

The cost of the software itself is only £10,000-£20,000. It normally requires a network of perhaps 50-100 terminals plus central computer facilities that can cost £100,000-£200,000.

In Britain, Hoskyns hopes to sell the package to customers that have already bought more rudimentary sets of software for their factory operations, for example to keep track of goods in warehouses or to link up shop-floor activities with financial departments.

One such customer could be Thornton's, the chocolate manufacturer, which has a factory in Belper, Derbyshire. Thornton uses a Hoskyns system to keep details of how long its chocolates stay in stock. The same system stores information about different confectionery recipes.

## Satellite link-up may bring help to the hungry

BY THOMAS LAND

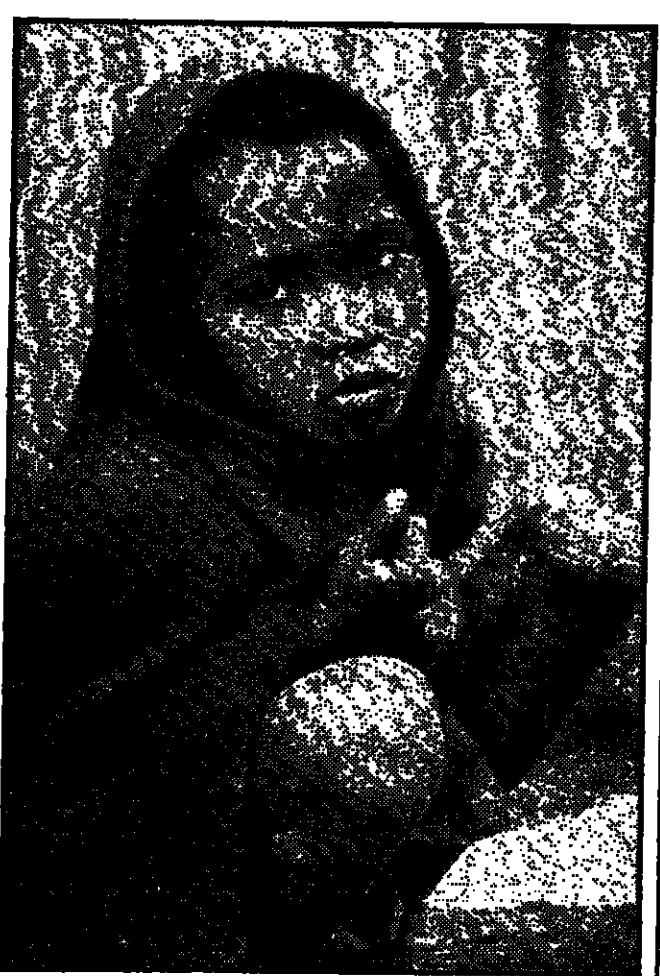
A GROUP of highly skilled volunteers on both sides of the Atlantic is building a sophisticated second-generation satellite and a space communications infrastructure designed to meet the needs of villagers around the hungry belt of the globe. The rapidly expanding project, co-ordinated by a British university, is to improve education, health, agricultural productivity and public administration in remote areas.

The system is based on a small satellite in a low orbit, housing a battery operated computer which can communicate at amateur radio frequencies with inexpensive transmitters and receivers on earth. The vehicle circles the earth every 100 minutes, passing over every spot of the globe at least twice a day, and it is therefore capable of relaying messages anywhere.

The first public exchange of messages via UOSAT, the experimental communication satellite orbiting the earth at an altitude of 60km, has been described by Development Forum, the journal of the United Nations University. Introducing the new concept at a conference of the Pacific Telecommunications Council in Hawaii, specialists from the development agencies supporting the project sent messages to the University of Surrey in Guildford, England, where the satellite had been built.

The messages — digitised "packets" of information — were stored in the satellite's on-board computer. A few hours later, when the satellite passed over England, the letter-perfect messages were transmitted to earth and printed out automatically by the Surrey ground station's small personal computer.

The project is backed by Technical Assistance (VITA), a private American non-profit organisation that helps solve technological problems for poor countries, and Inter Pares, a Canadian non-governmental organisation concerned with education and economic self-sufficiency in the hungry world. The Ottawa-based International Development Research Centre, which supports higher educa-



This youngster at Korem Camp in Ethiopia might have been helped sooner with better communications.

tion and scientific research in the developing regions, is also interested in possible uses of the satellite.

The project will come into operation shortly when UOSAT is replaced by a new inexpensive, high-power communication satellite called PACSAT. It will have many uses, all aimed at improving communications in isolated rural areas where lack of roads, telephones, electrical power and transport services limit the effectiveness of development projects.

The new satellite will widen access to information, assist schools, ease the logistics of famine relief and aid a wide range of enterprises by providing reliable contact with distant production, transport, survey and supervisory teams.

Ground stations servicing the satellite will cost less than \$2,000 each. They will comprise small computers, simple transmitter-receiver sets the size of a portable radio as well as vertical antennae. The Canadian intend to help groups in poor countries to purchase their own ground stations.

Larry Kayser, a manager for Bell Canada data network who is involved in building the new satellite, explains: "Our intention is to put a ground station in a corner of a village and to point the antennae in the right direction. A field worker would only have to check it for a few minutes every day. It would sit there and accumulate messages."

Dr Gary Carriest, international applications manager for VITA, adds: "I just wish that the people co-ordinating famine relief in Ethiopia had a PACSAT to communicate with. It would solve a lot of problems in getting help to those remote areas."

VITA and its partner in the spare communication project, the non-profit Radio Amateur Satellite Corporation, hope to launch future PACSAT vehicles on a quasi-commercial basis using non-amateur frequencies. They estimate the PACSAT budget, from design through launch and operation, including all equipment and personnel costs, at well under £1m.

EDITED BY ALAN CANE

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## Electronic quality control

COMPANIES that use moulding techniques to make plastic components could be helped by a new electronic system produced by Vinten Scientific Systems of Bury St Edmunds, Suffolk.

The hardware, called the Comparatrak 5124, compares a video image of a piece of plastic with a library of shapes and sizes stored in an electronic memory. A laser scanner can thus check on the dimensions of products without using mechanical probes or relying on a worker to inspect goods visually.

A TV camera is positioned behind the mould tool to take pictures of objects as they emerge from the production equipment. The computer hardware checks the dimensions of the article in one twentieth of a second.

With this technique, a manufacturer can check, for example, that the moulded item has been ejected out of the mould safely without the tool snapping off a vital part such as a pin. More on 0284 2121.

## Measuring flow in pipelines

THE NATIONAL Engineering Laboratory in East Kilbride is to study the costs of measuring fluid flow in pipelines.

The work will examine new ways to produce orifice plates — discs with a hole in the middle which are inserted into pipes. By measuring the pressure difference across the plate, the rate of flow can be calculated.

The laboratory, run by the Department of Trade and Industry, is trying to assess if the tolerance required for the plates under international standards regulations are unnecessarily stringent. It is setting up a consortium of companies which will receive results from the programme and help to pay for the work.

## Traditional paint theory comes unstuck

A RESEARCH team in Manchester is challenging one of the traditional tenets of the construction industry — that paint metal structures such as bridges adheres better if the surface is roughed up initially.

The workers have found instead that adhesion is improved — in the vocabulary of the painting trade, the paint "keys" better — if the surface is smooth.

The studies, in which researchers are attempting to measure the force with which paint sticks to a variety of substances, could change the way civil engineering companies approach the job of painting large structures.

Conventionally, they grit-blast the material, primarily to clean it but also in the belief that a rough surface makes the paint

adhere better. The conclusion about outdoor painting is one of several unexpected results of work partly supported by International Paint at the Department of Corrosion Science and Engineering at the University of Manchester Institute of Science and Technology.

In the studies, in which the Manchester workers are collaborating with International Paint's research laboratories at Gateshead, researchers led by Dr David Scantlebury have constructed an ingenious machine which measures paint adhesion.

According to Dr Scantlebury, quantifying this property, a factor of interest not only to the construction industry but to the ordinary person with a taste for home decorating, has been done before only with inaccurate methods.

In the UMIST technique, the material to be painted first has a hole drilled through it of a few millimetres in diameter, which is plugged with a piece of plastic. One side is coated with paint of the required thickness.

After the plug has been removed, a fluid is passed at high pressure through the hole to force the "skin" of paint above the cavity away from the material.

With a microscope attached to a video camera, a researcher can record the rate at which the blister of paint swells and eventually bursts. By correlating this with the pressure of the fluid, the worker measures the force with which the covering adheres to the surface.

So far the UMIST workers have obtained rates for the

degree of adhesion between paints of different types and different kinds of surface material.

In further work they hope to understand better the nature of the force that causes paint to bind. This is thought to be a weak molecular force between particles in the wall or structure and in the paint.

Dr Scantlebury says another unexpected outcome of studies using the UMIST machine concerns the adhesive strength of paint which is saturated with water.

He showed that construction companies need not worry too much if it rains while they are painting outdoor structures because once dried by the sun the paint adheres as well as paint that has not been mixed with water.







## UK COMPANY NEWS

## Tonks victorious after Court ruling

By Terry Povey

FOLLOWING a High Court hearing yesterday, Newman Tonks emerged successful in its bitterly contested bid for R. Cartwright (Holdings). The £11.9m offer closed last Friday but the court shares was disputed by Cartwright.

On Friday, Hill Samuel, on behalf of Tonks, claimed that it had purchased or received acceptances for 52,348 per cent of Cartwright's issued equity. In response the Cartwright camp claimed that a parcel of 250,000 shares, about 3 per cent, had been double counted. The parcel was sold by Save and Prosper.

The Court yesterday found that the disputed short sale of shares by Save and Prosper was valid provided no evidence existed of collusion between the vendor and the buyer. County Bank, on behalf of Tonks, accepted that the purchase from the institution had been made in good faith.

As the champagne bottles were being broken open at Hill Samuel, Tonks' advisers the victorious party claimed that it had been the Cartwright camp which had urged Save and Prosper to sell in the market once the institution's intention to assist to the offer became known.

According to County Bank this strategy was aimed at limiting the Tonks' camp capacity to buy in the market. Tonks could not exceed 15 per cent in its direct purchases as it was bound to raise its cash offer which had already been declared final.

At Save and Prosper there seems to have been some confusion over the share parcel, with one fund manager selling in the market and another assenting to the paper-plus-cash bid.

The confusion was caused yesterday when County Bank announced that it had been in the market and bought 1,000 Cartwright shares at 200p—some 25p above the offer level. According to the bank the buying move was only to protect its position as a plaintiff.

Although County Bank was given leave to appeal against yesterday's court ruling, it would seem that such a decision is unlikely. The bank intends to write to Cartwright's shareholders urging acceptance of the Tonks offer on which the 165p cash alternative lapsed last Friday.

See Lex

## Associates lift Ocean to £15.7m

A SHARP rise in associate contributions was mainly behind a near 44m increase to £15.7m in interim taxable profits at Ocean Transport and Trading.

OCL, in which Ocean and P & O are partners, in particular performed strongly and accounted for most of a 55.5m rise to £12.7m in trading profits from marine associates.

Cory, the fuel distribution, waste management and aggregates subsidiary, contributed more at £7.3m, against £6.9m, while OIL, engaged in offshore supply and servicing, returned a lower £1.2m (£2.3m).

Mr W. N. Menzies-Wilson, the chairman, says that Cory's results included a useful recovery in coal trading and, for the first time, a contribution from the GLC waste disposal contract which started in the spring.

Against this improvement, he says that more difficult trading conditions in the Far East have held back further growth in the freight forwarding business. Other Cory businesses have in general performed as expected.

He says OIL's results were



Mr. W. N. Menzies-Wilson, the chairman.

depressed by the condition of the supply boat market but its "continuing profitability compares very well with others in the same market."

West Africa trade has im-

proved over 1984's depressed results but, as expected, recovery remains slow.

Group turnover for the six months to end-June 1985 rose from £356.7m to £411.7m. The pre-tax result was struck after ship sale losses of £2.9m (profits £1m) and interest of £3.9m (£4.1m).

The chairman says that second half trading conditions so far are similar to those in the first half. "The past six months has seen major swings in exchange rates, and continuing volatility could have a material impact on our international businesses. In these circumstances, Cory's steadily increasing sterling earnings are a welcome counterbalance."

First half earnings rose to 6.8p (3.1p), after tax of 5.6p (£4.9m), and the interim dividend is being raised to 2.55p (£2.15p).

Comment

Ocean unfurled some healthy interim results yesterday, but irritated the City with what was seen as another ungenerous dividend rise now that profits are on the move. It was after the small rise in the total 1984 pay-

ment that P & O took advantage of a slack share price to boost its stake to 10 per cent. It has stuck at that level, but a bid could come. Overseas Containers Ltd, the major contributor to Ocean's profits, will be central to the intentions of P & O, which also holds a stake in OCL. The jump in OCL's earnings reflects high cargo volumes between Europe and both Australia and the Far East, cuts in overheads and shrewd currency hedging. But new rival ships are coming onto the market fast, and OCL's pre-tax profits, expected to approach £70m this year against £58m in 1984, could ease to £40m in 1986. Ocean is thus vulnerable to the OCL trend.

Ocean's debt fell £10m to £35m, 40 per cent of share-holders' funds; some £34m of the new Barbican oil-roller ship has just been switched from dollars to sterling to limit risks from a volatile U.S. currency. Analysts are plumping for Ocean profits (before ship disposals) of around £35m this year, giving a solid prospective p/e of 8.5 on the shares at 161p, down 5p yesterday.

## Murray Growth shareholders wait on board's decision

BY ANDREW ARENDS

THE BOARD of Murray Growth Trust, the Glasgow-based investment trust with net assets of £152m, yesterday advised shareholders to take no action on the cash takeover bid launched for it from the Merchant Navy Officers' Pension Fund.

The Fund and its associates already hold 24.5 per cent of Murray ordinary shares and 2.3 per cent of its "B" ordinary shares.

The offer is 100 per cent of Murray Growth's net asset value in cash, subject to a minimum price of 105 5/8p/sh. The consideration was £23m. BTR says it will continue to focus on the heavy engineering and other manufacturing sectors supplying the oil and gas industries.

BTB has sold Trilling Energy, through which it owns a 3.8 per cent share in a licence for oil exploration in the North Sea Block 16/12A, to Trafalgar Oil and Gas, a subsidiary of Trafalgar House. The consideration was £23m. BTR says it will continue to focus on the heavy engineering and other manufacturing sectors supplying the oil and gas industries.

CYSTIC FIBROSIS RESEARCH Investment Trust had a net profit of £21,354 for the six months to end-June 1985, after tax of £9,119. Income totalled £240,000 of 11 per cent redeemable unsecured loan notes 2000, and £223,424 cash. The acquisition will strengthen IDV's wine

Murray Growth shares were 2p up to close at 105p.

There is also a 60p cash offer for each 4.75 per cent £1 cumulative preference share.

The Murray Growth board said yesterday that it had noted the announcement on Tuesday by the trustees of the Fund and that it would be writing to shareholders shortly with its views on the offer.

Murray Growth's largest holding is a 6 per cent stake in Robert Fleming Holdings, parent of the merchant bank which is also advising the Trust. Its investments are split between the U.S. and the UK, with electric and electronic shares accounting for around 20 per cent of its investment portfolio.

The London Investment Trust is interested in 1.73m ordinary shares (8.17 per cent) of the Argyle Trust.

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(From Chairman's Statement)

Eric Varley, Chairman

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Tax	15,364	12,602
Dividends	5,529	4,988
Earnings per share	21.06p	23.17p

The main activities of the group comprise solid smokeless fuel manufacture, oil and chemicals' production and processing, oil exploration, fuel distribution, vehicle building and distribution, transport, warehousing and shipping services, builders' merchanting, instrument manufacture, and sheep farming and trading services in the Falkland Islands.

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The Debentures shall become due and payable on the Redemption Date at the Redemption Price plus accrued interest which shall be paid upon presentation and surrender of the Debentures together with all coupons thereto appertaining maturing after the Redemption Date at the paying agencies listed below.

The Debentures will no longer be outstanding after the Redemption Date and interest on the Debentures will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

Pursuant to the Indenture, the principal amount of any Debenture may be converted into shares of Common Stock, of the par value of \$3.125 each, of American Brands, Inc. ("American Brands") at a conversion price of \$18.00 per share. Any holder who elects to convert his Debentures into shares of American Brands, Inc. Common Stock should surrender his Debentures with all unexpired coupons thereto appertaining, together with written notice of election executed by such holder that the holder elects to convert such Debentures and specifying the name or names in which the shares of stock deliverable upon conversion shall be registered, with the address(es) of the person(s) so named, to one of the conversion agencies at its address specified below. The right to convert the Debentures into shares of American Brands, Inc. Common Stock will terminate at the close of business on September 17, 1985 (unless the Company shall default in payment due upon redemption thereof), and after that date no further conversions of Debentures can be made.

On July 25, 1985, the last reported sale price regular way of the American Brands, Inc. Common Stock on the New York Stock Exchange was \$33.875. It should be noted that upon conversion of \$1,000 principal amount of Debentures a holder will receive 55 shares of American Brands, Inc. Common Stock and, assuming that the last reported sale price regular way of the American Brands, Inc. Common Stock on the New York Stock Exchange is \$33.875 on the conversion date, a cash amount of \$35.77 in lieu of fractional shares. Based on each sale price of American Brands, Inc. Common Stock on the New York Stock Exchange, such conversion would be valued at \$3,548.90. In contrast, if such holder were to elect to have his Debentures redeemed, he will receive \$1,006.71 for each \$1,000 principal amount of Debentures, which includes interest accrued from August 1, 1985 to the Redemption Date. The value received by converting Debentures into shares of American Brands, Inc. Common Stock is subject to change based on changes in the market value of American Brands, Inc. Common Stock. If more than one Debenture is delivered for conversion by the same holder, the number of shares and cash amount deliverable upon conversion is based on the aggregate principal amount of the Debentures so delivered.

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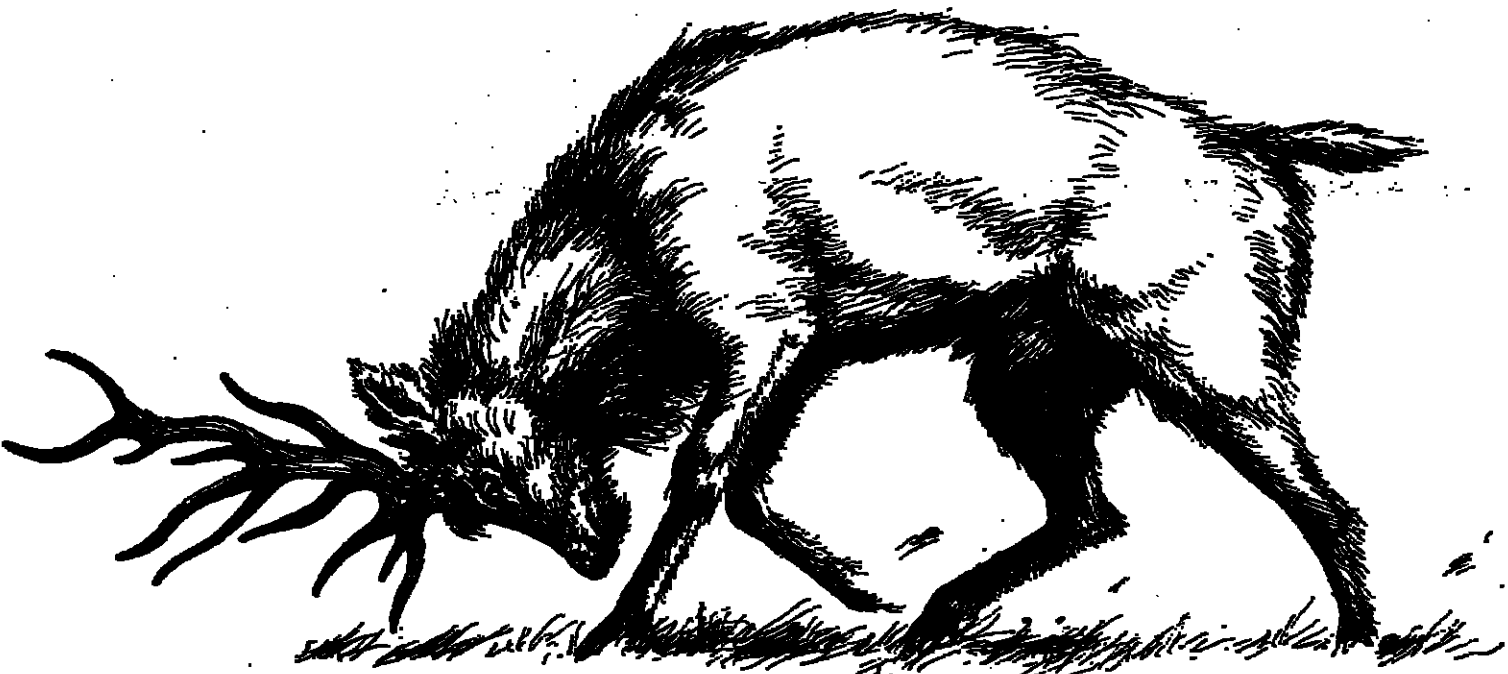
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The N.Z. \$50,000,000 16 1/4% Notes Due 1988 (the "Notes") are to be issued in the denomination of N.Z. \$1,000. Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List, subject only to the issue of the temporary global Note. Interest on the Notes will be payable annually in arrears on 23rd August in each year and will be at a rate of 16 1/4% per cent. per annum. The first interest payment date will be 23rd August, 1988. Listing particulars relating to the issue of the Notes and Christiania Bank og Kreditkasse are available in the statistical services of Euxine Statistical Services Limited and may be obtained during business hours up to and including 5th August, 1985 from the Company's Administrative Office, The Stock Exchange, Threadneedle Street, London EC2 and up to and including 15th August, 1985 from:

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London EC2R 1AN.

Banque Paribas Capital Markets,  
17/20 Lincoln's Inn Fields,  
London WC2A 3ED.

Citibank N.A.,  
Citibank House,  
336 Strand,  
London WC2R 1BB.  
1st August, 1985

## UK COMPANY NEWS

### Western Board purchase boost David Smith profit

THE PURCHASE of Western Board Mills has given a fillip to David S. Smith (Holdings), which yesterday reported a sharp improvement in earnings for the 1984-85 year.

Approximately half of the £10.5m taxable profit was attributable to a four-month contribution from Western Board. In the previous year Smith earned £24,000 after £201,000-worth of reorganisation costs.

The final dividend is being raised from 1.5p to 2p, making a total of 3p (2.5p). Earnings per 20p share amounted to 5.5p (0.2p).

Mr D. S. Smith, the chairman, says that the organisation of the subsidiary, David S. Smith, carried out in 1984 has already

proved its value by increasing sales and productivity.

"The purchase of some new equipment will provide a faster and more flexible service to customers," he says.

Group sales of this photolitho printer and carton manufacturer moved ahead from £14m to £8.5m, generating operating profits of £702,000, against £181,000.

It was indicated at the time of the Western acquisition that the combined effect of higher energy costs and increased waste paper prices had reduced operating profits.

However, since the acquisition, sales have increased from the low level of activity during the winter and there is every reason to believe that the extra

resources now being allocated to the selling effort will yield increased profits in the future," says the chairman.

After the year end (April 30), the company purchased Abbitin, which comprised of three packaging businesses. Its results for the year to April 30 — not included — have now been confirmed as showing profits equaling the forecast £2.3m.

The chairman says that the group now consists of three divisions all managed individually and benefiting from each other's trade connections.

"The stated aim has been to acquire companies with specialist skills and the board sees no reason why this policy should not be continued," he says.

### CU makes a strong start

LEADING UK composite insurance group, Commercial Union Assurance Company, has reported strong growth in its worldwide life and pensions business in the first half of this year. New annual premiums were up nearly 4 per cent from £29.2m to £30.4m and single premium business almost doubling from £45.9m to £85.5m.

New business in the UK during the period was influenced by pre-Budget fears of impending tax changes on pension schemes resulting in a boom in pension sales. New annual premiums on self-employed pensions rose two and a half times from £1.1m to

£2.9m, while annual premiums on individual pension contracts rose nearly 60 per cent from £700,000 to £1.1m. New annual premiums on group pensions business improved slightly from £4m to £4.2m.

However, this growth in pension sales failed to offset the decline in individual life business over the period which was cut by a third from £25m to £16.5m. Last year's figure was boosted by the boom ahead of the ending of L.A.P.S.

The net result was new annual premiums in the UK fell slightly from £14.8m to £14.6m.

The company reports that following the Budget statement by the Chancellor of the Exchequer on any changes in pension tax being preceded by a Green Paper, sales of pension contracts have returned to their normal level.

Single premium sales in the UK were up three, and a half times from £3.2m to £15.5m, thanks to the success of the company's revamped unlinked operations. Unlinked bond sales soared from £4.7m to £23.7m. Single premium sales of self-employed pension contracts rose from £900,000 to £1.1m.

Turnover rose from £11.06m to £12.8m. The increase in dividend, in effect, is being raised from 0.91p to 1.25p.

THE interim agreement between Johnston Matthey and its bankers runs until August 30, and not August 3, as mistakenly reported by the Stock Exchange's information service on Monday.

ANDRE DE BRETT, mail order concern, has turned in taxable profits of £28,000 for the year ended March 31, 1985, against losses of £20,000 from a turnover lower at £5.4m (£5.5m).

Earnings per share were 0.06p (0.21p) but there is no dividend (1p).

FORMINSTER, the clothing manufacturer, reported a 5% increase in sales of £50,000 to £574,941 in the year to April 30, 1985. Earnings per 10p share rose from 15.7p to 18.5p after tax £700,490 (£766,555). An increased final payment of 4p (3.8p) is proposed making a total of 6.0p (5.5p) for the year.

EUROPEAN ASSETS TRUST, the Dutch investment company, saw net income rise slightly from £1.5m to £1.97m (£432,000) in the six months to June 30, 1985. Earnings per 1p share came out at an unchanged 0.08 and the interim payment

### Havelock Europa confident as profits move ahead 33%

Havelock Europa, shopfitter and store designer which came to the US in March 1984, has achieved a 33 per cent increase in pre-tax profits for the year to April 19 1985.

With turnover ahead by 28 per cent from £4.7m to £5.98m, the group's taxable profits amounted to £631,000 (£473,000). Dividends of 2.5p are being paid for the year, with a final of 1.5p.

As indicated at the time of placing, dividends are covered about 24 times by stated earnings of 5.72p (4.49p) per 10p share.

Mr Tom Carrigan, the chairman, says that the group has started the current year with orders in hand at a substantially higher level than previously, and that new business obtained in the first quarter showed a considerable advance over the comparable period.

Although competitive conditions are likely to continue, he says that the market remains buoyant and he views the future with confidence. Many of the large stores groups and multiples have continued their refurbishment programmes, and the group has secured a significant share of this growing business.

It has maintained its strong liquidity and has financed the whole of its capital expenditure during the year from cash generated by the business.

The chairman anticipates that capital expenditure during the current year on additional and replacement machinery, equipment and motor vehicles will be of the order of £410,000, all of which will be met from the group's liquid resources.

The pre-tax figure was struck after depreciation charges of £157,000 (£96,000), and depreciation of £25,000. Interest added £150,000 (£69,000).

Losses have continued in the current year, but the accounts have been drawn up on a going concern basis reflecting the directors' belief that the group will become profitable before its cash resources run out, although this remains uncertain.

Turnover for 1984-85 was £31,037, against £29,281 (£29,281). Interest payable took £2,882 (£2,786), and receivable £28,206 (£26,573).

The company's shares fell 4p to close at 5p yesterday.

### Metal Sciences' loss up

INCREASED LOSSES of £535,198 have been incurred by Metal Sciences (Holdings) for the year ended February 28 1985, against £157,239 previously.

The auditors say that the group, which is mainly involved in the manufacture of metal products, has completed its second year as a start-up business. The group came to the USA in July 1984 and was not expected to achieve profitability in its development stage.

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### COMPANY NEWS IN BRIEF

CARPETS INTERNATIONAL has called an EGM for August 19 to seek shareholders' approval for the sale of 100,000 ordinary shares in Carpet Corporation of Australia in consideration for 2,980,000 ordinary in Felix New Zealand.

HILL & SMITH Holdings, engaged in steel stockholding, fabricated products and drop forgings, achieved taxable profits of £743,000 against £702,000, for six months to end-March, 1985. Turnover rose from £11.06m to £12.8m. The increase in dividend, in effect, is being raised from 0.91p to 1.25p.

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was maintained at £1 0.04. Directors say that the revenue account should not be taken as an indication for the full year.

EWART NEW NORTHERN is lifting its final dividend from 3p to 4p to make a 6p (4p) total for the year ended April 30 1985. Pre-tax profits were doubled at £103,651 (£50,285). After tax, £19,859 (£9,645) earnings are given as 10.66p (5.17p) per share.

BALITIC has acquired Birmingham Car Facilities (BCE), an established national contract hire company with a wide range of substantial customers. BCE, which offers full maintenance contract hire as well as fleet management, adds a complementary service to Balitic's existing car and van leasing activities. It is the company's intention to retain and develop the existing BCE management team and expand the customer base as and when suitable opportunities arise.

RICHARDSON WESTGARTH has sold Eric C. Flower to Akros and Akros for £1m each. Flower had net assets of £187,263 at end-1984, has repaid £89,999 as final settlement of its indebtedness to Richardson of £148,000.

SUTER has increased its holding in F. H. Lloyd to 5,337,000 ordinary shares (33.42 per cent). This includes the holding of 100,000 shares of Mr S. L. Finch, an associate.

TR TRUSTEES Corporation's net asset value at the end of the year to May 31 1985 stood at 185.7m compared with 144.7p a year previous. Net revenue rose from £3.07m to £3.85m and earnings per share were 4.95p (3.87p). The final dividend is 2.6p for a 3.8p (3.4p) total.

### All round progress at Globe in 1st quarter

Globe increased profits attributable to shareholders substantially in the first 3 months to 30 June 1985, with income reaching £4.1m (£2.9m 1st quarter, '84).

Results reflected improved performance by most parts of the Group. Find out more about Britain's largest listed investment trust and its successful long term record of income and capital growth.

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**Globe Investment Trust P.L.C.**

### Hill Woolgar & Company P.L.C.

announce that subscription lists have closed in respect of the Offer for Subscription of up to 22,500,000 Ordinary shares at 20p per share, of Owl Creek Investments PLC, under the prospectus dated 12th July, 1985.

### OWL CREEK INVESTMENTS PLC

Hill Woolgar will be making an "Over-The-Counter" market in the Ordinary shares of the Company. Dealings will commence on 1st August, 1985 at 9.30 a.m.

**01-606 2651**  
is the number to ring for dealings

# MILK MARKETING BOARD

Comments from the chairman of the Milk Marketing Board, Sir Stephen Roberts, the Board, which is a farmer-controlled body operating on behalf of the milk producers of England and Wales, held its fifty-second Annual General Meeting in London yesterday.

#### INTRODUCTION

At this meeting I have the privilege of speaking to, and on behalf of, the 38,000 milk producers in England & Wales who own our Board and its commercial business, Dairy Crest Foods.

Despite the massive difficulties our industry has had to face over recent years, we are really beginning to show results — results that can only be good, not just for our producers but for our whole industry and for our country.

I believe this up-turn can and will be maintained — provided only that we don't allow minor internal dissensions or doctrinaire external attacks to weaken our resolve.

#### FACING THE MARKET

For many years now our producers have been paid for their milk according to what it will realise in the market place. Our job is, and has been, to market that milk to their best advantage. One of the confusing factors in doing that job was Government involvement in liquid milk pricing. That control went back to the war years and we were delighted to see its end on 31 December 1984.

Like any good commercial business we continue to be mightily concerned to meet the demands of the consumer and of the market place. The competitive buying power of the modern retailers is immensely strong. So the slogan "think consumer" is crucially important in our language.

We welcome this month's agreement in Brussels (after 14 years of negotiation) to introduce a harmonised EEC Health and Hygiene Directive which will authorise the importation of pasteurised milk from January 1989.

Our lead and our producers' positive response in quality improvement means that we now produce the best ex-farm milk in Europe. So we have nothing to fear from imports provided the competition is fair and this month's EEC decision should help to ensure that fairness.

We can, and shall, compete on quality of product and service — and on price too.

We have recently carried out a like-for-like comparison of retail shop prices of fresh whole pasteurised milk across Europe, taking into account such things as the incidence of VAT, differences in fat content and, where appropriate, consumer subsidies. It shows England & Wales about the middle of the European league at 19.6p per pint in a range which varies from 18p to 22.5p per pint.

**ENTERPRISE, INITIATIVE AND COMPETITION**  
We believe passionately in enterprise, innovation and new ideas to improve the commercial efficiency of our industry, both within our own organisation and beyond. Here are four examples:

1 The major effort we have put into helping our England & Wales producers in the battle to achieve ever-increased efficiency on the farm has enabled them, to a great extent, to cope with the price and quota restraints that they have had to suffer.

2 The recent change in seasonal pricing pattern appears to be having an important effect in reducing our peak supply and increasing that in the trough. To develop our industry's new fresh and added-value products, that movement in milk supply is critical.

3 We have already achieved much in the development of new ideas, new processes, new products — largely of fresh, added-value varieties — research and development — both on the farm and amongst our customers, the processors and manufacturers. An increasing volume of our milk for manufacture is now going to new and added-value dairy products. In the context of the current debate on health and nutrition, the availability of whole, high and low fat milk and products has proved the flexibility of our industry to meet the demands of the time.

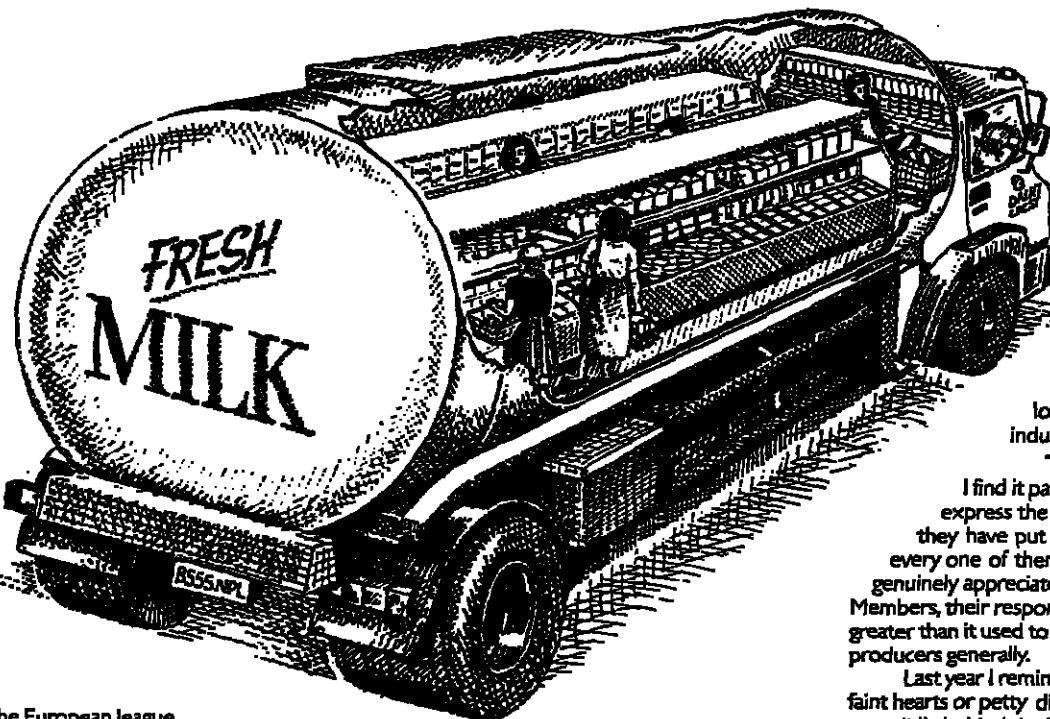
4 A series of negotiations, arbitrations and Government directives going back over many years have put us in a "lost plus" market situation with our buyers for much of the milk we sell. Such systems lead to the danger of stagnation and we are determined to continue our fight to get away from any system

which may reduce the pressure for improved efficiency at any point in the chain from farm to consumer.

Unlike most other major dairy countries we are not self-sufficient in dairy products and we are even less so since the imposition of quotas last year. For England & Wales last year, we were some 86% self-sufficient. It may not nowadays be fashionable to talk about balance of payments and self-sufficiency but, whether we are in or out of Europe, we still have to pay our way. When oil starts to run out, the fruits of our agriculture are again going to become vital to our country's economy.

We believe in the future of the British dairy industry and that is why we are determined to achieve competitive production, manufacture and pricing, despite all the external difficulties. That way we can compete fairly with all comers and beat them on quality and service to win as much as possible of the added-value home and European markets. We shall continue to make the best use of our natural resources — to put Britain first.

## Servicing the markets.



#### EEC MILK POLICY

I am not dwelling today on the quota issue. Virtually all that can be said must now have been said many times over. I would simply add that we do need firm decisions on transferability. We regret that the Minister has not yet made a formal announcement giving his blessing to a leasing scheme. We believe this must come and are now going ahead with its preparation.

Live Aid has reminded us, yet again, of the tragedy of famine in so many areas of the world and we must find more ways of helping with our products.

#### DAIRY CREST FOODS

Much of what I have said about the competitive position in our industry generally applies equally to Dairy Crest Foods. That business has been developed through the collective investment of all our producers with no special financial support from Government or elsewhere. It is a substantial private dairy co-operative, operating in a very similar way to those in nearly all other major dairy countries. It is, too, the only major domestic business in dairy foods which is fully committed to home-produced goods — unlike most of the others who are of course quite happy to play the markets.

We have been attacked because of the high proportion of domestically manufactured butter and cheese that is made by Dairy Crest. We have that high proportion because of our responsibility to our producers to handle and market all their products —

and because others didn't want it. They thought they could make more money for their shareholders elsewhere.

Our farmers naturally wanted to see their milk handled and manufactured as efficiently as they produced it — and they are very determined that their Dairy Crest should be the most efficient manufacturing company. That pressure is now beginning to show the sort of returns that were envisaged when the seven year development plan was agreed in 1979. Despite the exceptional loss of throughput — 14% for Dairy Crest manufacture; 12% for other manufacturers — resulting from quotas, I am delighted to report that net Dairy Crest trading income rose last year by 55% from £21 million to £33 million.

Dairy Crest Foods, like the rest of our industry, operates under intense competition from imports and from the home market. The one sure thing is that it has to meet and beat the criteria of price, service, quality, innovation, new products — and it is doing just that. Clover and Melbury, following Lymeswood and Tendale, are evidence of real enterprise of which our producers can be justly proud.

#### LOOKING AHEAD

We have always believed that confrontation within an industry is counter-productive and we shall continue to negotiate with our buyers on a proper customer/supplier basis. I believe there is a will on all sides to work that way. No-one is looking for weakness but equally no-one is looking for war.

I am told the "in" word in political circles is "privatisation". Anything that is not a name with the letters "P.L.C." after it seems to be on someone's list — and that may possibly apply to the MMB too.

May I remind anyone toying with that word about us, or about Dairy Crest Foods, that we are already private — our owners are our 38,000 England & Wales dairy farmers. Our job, like that of any other private sector organisation, is to make the best profit we can for those owners. We do so by marketing our milk to their best advantage, not only in the short term but looking ahead to the future of our whole industry and country.

#### THANKS AND CONCLUSION

I find it particularly difficult this year adequately to express the Board's thanks to all our staff for the efforts they have put in throughout the year. I can only say to every one of them that all their efforts are very greatly and genuinely appreciated. For Board and Regional Committee Members, their responsibility and involvement is now immensely greater than it used to be. I convey to all of them the gratitude of producers generally.

Last year I reminded you all that there was no room for faint hearts or petty dissension but that all milk producers must get solidly behind the Board so that we face the future with resolution, conviction and confidence. That message is, if anything, even more important today — and provided we all act positively, we shall successfully avoid the danger of our industry drifting back to the traumas of the 1930s. Instead, we shall move forward together as a highly efficient example of what a stable, successful industry should be.



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# "How do I make the most money on my Debenhams shares?"

## "Do I try to sell them off on the market?"

Even at today's price they're still not as high as the Burtons cash bid.

On top of that, you'd lose your share in Debenhams, and your chance to reap the rewards that our offer and our new management team will provide.

And don't forget the commission and possible tax you will have to pay if you do manage to place your holding.

## "Do I hold on and hope for the best?"

No matter what the papers say there is only one bidder for Debenhams.

And what will happen to the price of your shares should the Burton bid lapse?

Frankly it's anyone's guess.

But we can remind you of what happened when Debenhams was the subject of a takeover bid by UDS in 1972.

The bid lapsed. The shares slumped.

And it took a full 11 years for them to

regain the level of the UDS offer.

## "Do I accept the bid from Burtons?"

You should.

Our bid price is higher than the current market price.

Our share offer enables you to acquire an interest in the new Debenhams/Burton Group, supported by Habitat/Mothercare.

This would be a major new retailing force led by Ralph Halpern and Sir Terence Conran.

You've seen what these two men have done for profits and growth of their own businesses.

Imagine what they could achieve together at Debenhams/Burton.

But time is running out. Fill in our form today. There's only one way to ensure your investment in Debenhams is in safe hands, make sure your acceptance form is in our hands, by post or by handing it in at your local Burton Group store by Friday 12.00 noon.

**With Halpern and Conran there will be life after Debenhams.**





## BUSINESS LAW

## Belgium's radical move on arbitration

BY CELIA HAMPTON

THE INVOLVABILITY of arbitration awards in international commercial disputes has long been a controversial issue. Its intensity has increased with the growing popularity of international arbitration, which has become a matter of course for the growing internationalisation of business.

From a practical point of view, most businessmen seek some finality in arbitration. The cumbersome pre-1979 English system for setting aside awards satisfied no-one, save perhaps a small class of lawyers. It is now universally agreed that a full-dress litigation of a matter already arbitrated is to be avoided at all costs.

Yet a businessman would feel aggrieved if the arbitrator acted in a biased or unfair way in his opponent's favour. His opportunity to contest the award would eventually come when the winner sought enforcement in the courts of a country where he had assets. It could come at an earlier stage by challenging the award in the courts of the country where it was made.

Differentiation between procedural defects or legal misreasoning in the conduct of an arbitration and the extreme of bias or favouritism can only be one of degrees on a sliding scale. In the extreme case the loser would undoubtedly, and justifiably, seek annulment of the arbitrator's mistake. He would certainly wish to resist enforcement of it against his assets.

For lesser wrongs a line of policy has to be drawn by each national law of arbitration—to protect the innocent party from arbitrator's mistake, incompetence or worse, and to guard against the barrack-room lawyer who seeks to draw out the dispute and involve the courts on technicalities.

Countries vary in their attitude to court intervention. The UK favours a greater degree of court control than, say, France or Sweden. This is evident from the general terms of the review power in the Arbitration Act 1979, albeit narrowed by the House of Lords in *The M/s Aquagem*. It has been confirmed in the recent negotiations over UNCITRAL's model law on international commercial arbitration, though it was stressed that this is to meet the commercial need for a means of recourse and is not a doctrinaire preference for judicial control.

Judicial intervention is at its most questionable when neither party has any real connection with the place where the arbitration occurs. A charterparty between a Greek shipowner and an Italian charterer would raise no eyebrows by providing for arbitration in London.

Certain cities attract arbitration regardless of the subject matter of the contract or dispute—Paris, Stockholm, Vienna and London are all popular for one reason or another. The governments of those places have no wish to deter the practice; quite the opposite. However, much an excessive opportunity for court interference is to be discouraged. It is doubtful whether outright refusal to intervene judicially is a real attraction. This, however, is now being put to the test and the results will be watched attentively by lawyers throughout the commercial world in coming years.

Belgium has gone in with both feet. An amendment to article 1717 of the Code judiciaire has been enacted which provides: "Belgian courts may only take cognizance of a claim for annulment if at least one party to the dispute decided by the arbitral award is either a physical person of Belgian nationality or having a residence in Belgium or a legal person established in Belgium or having a branch or working office there."

At first reading, this appears merely a rather nationalistic protective measure, perhaps to prevent people shopping around for a favourable place to litigate their arbitral disputes. On closer examination, it is a very radical measure indeed.

The Belgian courts will deny review to an arbitration taking place in Belgium where neither party is significantly connected with the country. Belgium could have been selected in ignorance of all sorts of reasons—the availability only locally of a particular arbitrator, business or geographical convenience, proximity of witnesses, etc. Will the lack of judicial review become a major reason?

The answer to this lies mainly with businessmen themselves and whether they prefer an arbitration operating, at any rate locally, in a judicial vacuum. The practical advantage of such finality is great but

the potential drawback of having to abide by an unchallengeable decision may also deter. Either way, it is vital that parties are aware of this apparently unique situation.

From the point of view of enforcing such an award outside Belgium, problems are likely to arise: substantial assets in the country will normally, though by no means invariably, coincide with residence or a commercial operation. But when enforcement is sought elsewhere, interesting questions of recognition will arise, and these bring in arguments about the nature of arbitration of a more theoretical bent.

In recent years, much has been said about awards which have no connection with the country of delivery. Their foundation is the contractual commitment of the parties, not affiliation to any national system of law. Why should such an award not "float" between jurisdictions, detached from any country's legal rules, and be enforced in whatever country the victor seeks to enforce the vanquished party's assets?

Internationally, there are at least two examples of arbitrations which cannot be regulated or assailed by national courts, but must be enforced willfully. One is the Iran-U.S. Claims Tribunal and the other is under the Icsid (International Centre for Settlement of Investment Disputes) Convention. In both cases there are clear political reasons for not allowing court examination of the arbitral body's award. But in both cases the systems are autonomous, applying specifically under the law of the countries which are signatories of the relevant international instruments.

The argument in favour of "floating" goes in a circle. It can be substantiated only by reference to national systems which have been selected in ignorance of all sorts of reasons—the availability only locally of a particular arbitrator, business or geographical convenience, proximity of witnesses, etc. Will the lack of judicial review become a major reason?

The answer to this lies mainly with businessmen themselves and whether they prefer an arbitration operating, at any rate locally, in a judicial vacuum. The practical advantage of such finality is great but

reviewing or impeaching an arbitrator's award provided it is not challengeable under the terms of the internationally agreed norms. This obligation is observed in practice under the national law of each country.

Most countries of importance from an arbitration point of view, including Belgium, are parties to the New York Convention of 1958. This restricts a court's power to refuse recognition of an award from another Convention country to specific cases (narrowly defined), and the parties, inability of one party to present his case, award outside the arbitrator's remit, etc.). It respects any choice of the parties as to which law to apply to the arbitration agreement and which legal system to apply to the arbitral procedure.

It also provides that enforcement may be refused if it would be contrary to public policy to enforce it. These provisions are closely mirrored by the draft UNCITRAL model law both in relation to judicial intervention and to recognition of foreign awards.

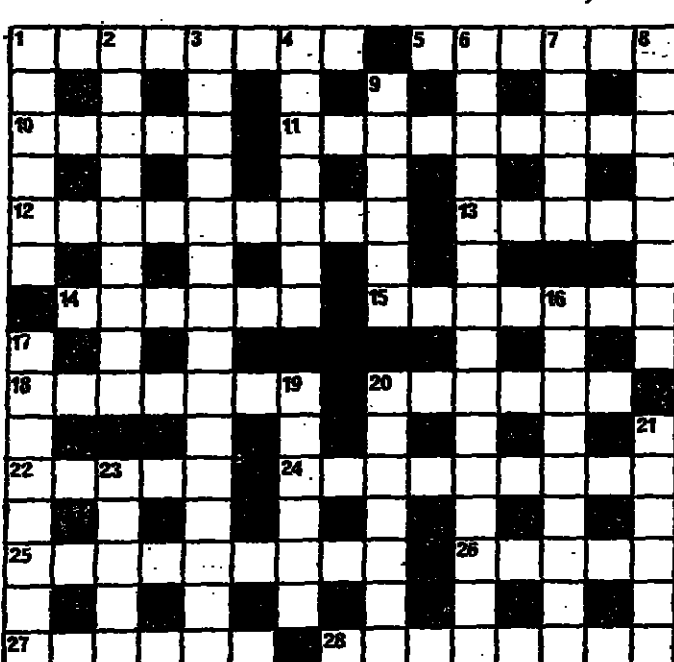
The public policy exclusion clearly covers things which are universally condemned. No country could be called upon to enforce an award arising out of a dispute between drug traffickers about their illicit profits. Would the Belgian courts now enforce it without question provided the disputants were, say, Colombian, Haitian and U.S.? What would be the attitude of an English court asked to enforce a Belgian award "blatant"? English public policy would clearly preclude enforcement of the drug traffickers' award.

But would any English public policy go further than this? It seems very likely that the court would refuse recognition of any award upon which there has been no opportunity to challenge its validity. Even if the parties selected a law which allowed whatever they desired, and none of the procedural defects was present to enable the court to refuse recognition and enforcement of the award, would the court not refuse to do so on public policy grounds in any event? In the Belgian arbitrator's award might not have quite the finality sought by the parties.

\* [1982] A.C. 724.

\* Act of March 27, 1985, *Monsieur*, *Belga*, April 13, 1985, p. 5706.

## F.T. CROSSWORD PUZZLE No. 5,784



## ACROSS

- 1 Burn the food taken in for a traveller (8)
- 5 Book the girl and boy (6)
- 10 Appear without a new set of examination questions (5)
- 11 Retiring friend tolerate one sort of comedy (8)
- 12 Detailed to rebuild real boat by the end of June (9)
- 13 Unworthy of dropping the key in, go away suddenly (9)
- 14 Come back bringing dull when led astray by medium (8)
- 15 Critical of port in Sue's cooking (7)
- 18 Apparatus used by Holyhead man in put in order (7)
- 20 Craving for a new Tahiti (8)
- 21 Saying nothing after a test on Beethoven's fourth (5)
- 24 Left dear mama wandering around the preserve (9)
- 25 Burn four air letters about a cat's concert (8)
- 26 When drunk, go in the first bar (5)
- 27 Endless dexterity is needed to make a sliding carriage (6)
- 28 Dark brown animal swallows another ten (8)

## DOWN

- 1 Drink for each occasion on which food is served (8)
- 2 A very quiet borough of London is attractive (9)

- 3 Requirement in publishing something which improves the atmosphere? (3-12)
- 4 Subjugate Pole and East European in Central Greece (7)
- 6 "In public transport, reversing on to ring road," I state, "shows disobedience" (15)
- 7 Nevertheless, on the street it's bad (5)
- 8 Too similar to fashion (8)
- 9 Sketched like first gentle embrace (6)
- 16 Not disturbed, laughs stupidly during the attack (9)
- 17 Pulls a wry face as I'm going into prayers (8)
- 19 Fellow in college admits "yours truly" is humble (6)
- 20 Row about stray dog (7)
- 21 Decide to meet the island race left inside (6)
- 23 React badly to sketch (5)

Solution to Puzzle No. 5,783

ACROSS  
1 BURN  
5 BOY  
10 APPEAR  
11 FRIEND  
12 BOAT  
13 KEY  
14 COME  
15 CRITICAL  
18 APPARATUS  
20 CRAVING  
21 SAYING  
24 MAMA  
25 BURN  
26 FIRST  
27 DEXTERITY  
28 SWALLOW

DOWN  
1 DRINK  
2 QUIET  
3 REQUIREMENT  
4 SUBJUGATE  
6 DISOBEDIENCE  
7 NEVERTHELESS  
8 FASHION  
9 SKETCHED  
16 UNDISTURBED  
17 WRY  
19 HUMBLE  
20 STRAY  
21 ISLAND  
23 REACT  
25 CONCERT

## CONTRACTS

## £16m Alwyn Field development plan

FORAMAC DRILLING has been awarded a £16m three-year contract by Total Oil Marine for development drilling in the North Alwyn Field. The field is located some 100 miles east of the Shetlands in the UK sector of the North Sea. Operations will use the most sophisticated equipment available and the latest labour-saving developments in drill hole technology; the drilling of the wells will be performed with an hydraulic power swivel allowing quick repositioning of the rig. It is anticipated that the contract will create approximately 140 jobs.

Printing press manufacturer Timmons of Rettering is to install a computerised manufacturing system from HONEYWELL at cost of £126,000. The system is known as HEDMS (Honeywell Electronic Data Management System) and it will be used to control all aspects of production including scheduling, stock control and costing.

Extensive Systems has ordered an additional mainframe computer from HONEYWELL as part of an expansion programme, making its own television advertising booking system a quad processor configuration. The order is for a PDS 8/49 large scale mainframe, and brings the total investment in Honeywell computers at Enterprise Air Time Systems to £1.3m.

J. JARVIS & SONS has won six contracts totalling over £5m. Largest is a £1,200,000 contract for alterations and extensions to the Arundale Centre in Dorset. A Tesco meat factory at Ashton-under-Lyme is receiving £1m alterations and extensions to the plant at Ripley £1.5m extensions and upgrading are under way for Norcross Investments at Buttery Engineering Works. The Post Office has awarded a £650,000 contract for alterations and upgrading at Surbiton, and Wellington Private Hospital, St John's Wood, is having new operating theatres costing £427,000. A £230,000 library and community centre is for Oldham MB.

TAYLOR WOODROW MANAGEMENT AND ENGINEERING, Hayes, has been awarded a contract by the National Coal Board to provide project management services on a £15m coal liquefaction pilot plant. The plant will be built adjacent to the Point of Ayr Colliery, North Wales, to test and develop a process for the production of liquid hydrocarbons from coal. Site work is due to start this year with completion scheduled for late 1987.

been designed by Rofe, Kennard and Lapsworth, consulting engineers, with North West Water Authority, rivers division. Work includes 1,800 metres of low embankment around and across the flood plain, with a flood control structure on the River Wyre. The structure incorporates twin overhead gates, each eight metres long and 4.5 metres high, automatically operated by reference to a central computer linked to the Authority's flood warning system. The complete scheme includes channel improvement works and a second flood storage area at Catterall, and is designed to control discharges of up to one in 100 years average return period. Overall cost of the work is about £1.2m, and completion is scheduled for spring 1986.

MYTON has been awarded a £5m contract by Legal & General Assurance Society to refurbish the Clayton Tea Centre premises in Regent Street, and to construct new offices. Work involves demolition of buildings on the site while retaining the facade to Regent Street, and part of Myton Street. The building will be constructed on basement ground, mezzanine and four upper floors, retaining two floors and part of Myton Street. The building will be 3,300 sq metres of accommodation comprising a shell shop unit and tea restaurant, air conditioned offices, and a petrol plant room. The building will be reinforced concrete framed with trussed and solid suspended floors, on reinforced concrete pile foundations, retaining walls and basement slabs. Completion is scheduled for August 1986.

JEAVONS ENGINEERING, Tipton, a member of the Newman-Tunks Group, has secured contracts in the Middle and Far East valued at over £2m for gas regulators. Delivery is scheduled for completion in 12 months.

Wilkes Cerdac of Dublin, part of the Cerdac Group, has ordered a £125,000 Digiform D3400 laser forms composing and scanning system and a new CSSO business forms press from HARRIS GRAPHICS in Slough, Berks, under a combined contract valued at well over £300,000. The Digiform system will be supplied with the new D3400 14 in x 18 in cylinder size laser output scanner. Harris is also supplying a GTS10 16-colour interactive display with joystick controller, for logo manipulation, editing and error location—and two VT220 on-line composing terminals.

## FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

Abney Unit Trust (1)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (2)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (3)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (4)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (5)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (6)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (7)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (8)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (9)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (10)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (11)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (12)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (13)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (14)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (15)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (16)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (17)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (18)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (19)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (20)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (21)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (22)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (23)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (24)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (25)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (26)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (27)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (28)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (29)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (30)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (31)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (32)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (33)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (34)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (35)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (36)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (37)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (38)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (39)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (40)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (41)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (42)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (43)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (44)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (45)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (46)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (47)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (48)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (49)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (50)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (51)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (52)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (53)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (54)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (55)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (56)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (57)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (58)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (59)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (60)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (61)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (62)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (63)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (64)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (65)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (66)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (67)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (68)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (69)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (70)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (71)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (72)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (73)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (74)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (75)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (76)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (77)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (78)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (79)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (80)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (81)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (82)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (83)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (84)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (85)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (86)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (87)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (88)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (89)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (90)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (91)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (92)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (93)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (94)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (95)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (96)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (97)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (98)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (99)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15
Abney Unit Trust (100)	Abney Unit Trust Ltd	Equity	10.5	100,000,000	4.5	1.15



[illegible]



Royal Trust International Fd. Mgmt. Ltd.(a)		S.E. Warburg & Co. Ltd. and subsidiaries	
PO Box 194, St. Helier, Jersey		33, King William St. EC4R 9QS	
0534 27441		07 280 222	
Seaving Fund Ltd.	1991 1	Europe July 90	500.00
International Secs.	131.4	America February July 90	1818.94
International Bond	1804.3	Select June July 90	517.82
Prices as of July 24	Market closed July 31		

[illegible]

		Gross	Net	Gross	Net
958	<b>Money Market Bank Accounts</b>				
	<b>Adrian &amp; Co. plc</b>				
	22 Clarendon St, Edinburgh EH2 4AF			031-2255 000	
	Money Mkt. Charge 10c p.a.	11.25	1.00	11.25	1.00
	<b>Altham House</b>				
	30 City Road, EC1Y 2AP			01-4367 401	
	Trustee A/c	11.85	1.70		
	Money Mkt. Charge 10c p.a.	11.85	1.70		
	<b>Bank of Scotland</b>				
	38 Thamesgate St, EC2P 2EH			01-4248 800	
	Money Mkt. Charge 10c p.a.	11.85	1.25	11.85	1.25
	<b>Barrsleys Prime Account</b>				
	P.O. Box 125, Merton, Surrey			0404 25229	
	Money Mkt. Charge 10c p.a.	12.50	1.25	12.50	1.25
	<b>Belmont Investment Services Ltd.</b>				
	21 Fenchurch Canal, EC2M 5AL			01-588 271	
	Money Mkt. Charge 10c p.a.	11.50	1.50	11.50	1.50
	<b>Charnolds Investment plc</b>				
	1 Paternoster Row, EC4M 7TH			01-422 398	
	62nd				
	Money Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	Group's Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	Group's Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	Group's Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	Group's Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	Group's Mkt. Charge 10c p.a.	11.50	0.60	12.10	0.70
	<b>Chisham Savings</b>				
	St Margarets Hill, Northampton			01-748 922	
	Money Mkt. Charge 10c p.a.	11.50	1.00	11.50	1.00
	<b>Co-operative Bank (Savings &amp; Save)</b>				
	78-80 Colindale Ave, EC2H 6PQ				
	Money Mkt. Charge 10c p.a.	11.50	1.00	11.50	1.00
	Money Mkt. Charge 10c p.a.	11.50	1.00	11.50	1.00
	<b>Darlington &amp; Co Ltd</b>				
	Darlington, Devon TQ9 6JE			0603 4222	
	Money Mkt. Charge 10c p.a.	11.50	1.00	11.50	1.00
	<b>Edward Manners &amp; Co Ltd</b>				
	9 Haverstock Place W1M 3AP			01-431 333	
	Money Mkt. Charge 10c p.a.	11.50	1.25	11.50	1.25
	<b>Henderson/Bank of Scotland</b>				
	38 Thamesgate St EC2P 2EH			01-4248 800	
	Money Mkt. Charge 10c p.a.	11.50	1.25	11.50	1.25
	<b>Lloyds Bank PLC</b>				
	71 Lombard St, London EC3 3BS			01-436 150	
	Money Mkt. Charge 10c p.a.	11.25	1.25	11.25	1.25
	<b>Lombard North Central PLC</b>				
	25 Abchurch Lane, London EC4N 3DF			01-409 343	
	Money Mkt. Charge 10c p.a.	11.25	1.25	11.25	1.25
	<b>M &amp; G/Glencorner Reassess</b>				
	91-99 New London Rd, London			01-567 000	
	Money Mkt. Charge 10c p.a.	11.75	1.75	11.75	1.75
	<b>Midland Bank plc</b>				
	P.O. Box 2, Sheffield			0742 20999	
	Money Mkt. Charge 10c p.a.	11.70	1.00	11.70	1.00
	<b>Provincial Trust (Investment) Companies</b>				
	100 Abchurch Lane, London EC4N 3DF			01-409 343	
	Money Mkt. Charge 10c p.a.	11.25	1.16	11.25	1.16
	<b>Royal Bank of Scotland plc</b>				
	24 Lombard St, London EC3N 7PL			01-557 000	
	Money Mkt. Charge 10c p.a.	11.25	1.25	11.25	1.25
	<b>Sare &amp; Pargeter/Horsham Fleming</b>				
	28 Wetters Rd, Norfolk NR1 3AL			0708 6444	
	Money Mkt. Charge 10c p.a.	11.83	1.25	11.83	1.25
	<b>Tymouth &amp; Co</b>				
	100 Abchurch Lane, London EC4N 3DF			01-409 343	

[illegible]



# EEC agrees higher prices for imported raw sugar

By Ivo Dawidowicz in Brussels

THE EUROPEAN Commission yesterday bowed to pressure from the sugar-producing members of the African, Caribbean and Pacific Group (ACP) to increase the proposed guaranteed price for their 1.3m tonne annual quota sold to the EEC.

Under the price proposals originally tabled by the Commission, the 13 ACP countries eligible for the price increases of 1.15 per cent for their raw produce, while the Community's white sugar was to enjoy a 1.3 per cent rise.

The ACP group argued vigorously that this was discriminatory against cane growers and refused to endorse the annual sugar accord which should have been in force by May 1.

Yesterday's decision means that the higher price will now be paid for raw sugar from the ACP, though it is understood that producers within the Community will still suffer the differential.

The ACP group had already

sought a substantial rise for its guaranteed prices, taking into account a 12 per cent rise in transport and production costs and the economic austerity now affecting their member countries. They also objected as they have in previous years to the lack of consultation with the EEC over the sugar price question.

But ACP officials last night seemed ready to accept reluctantly the marginally increased price as the best available under the circumstances. A final accord is expected to be signed shortly with the new price backdated for shipments sent since May.

At yesterday's weekly export tender in Brussels the European Commission granted export licences on 26,000 tonnes of white sugar and 48,000 tonnes of raws, writes our Commodities editor.

As expected the white sugar authorisation was well down from last week's 94,000 tonnes. That figure was regarded as exceptional as it

included pent up demand from previous weeks when authorisations had been held down by the imposition of a ceiling on the level of export subsidy available to bridge the gap between the EEC price and lower world market levels. The ceiling remains in force but over the last two weeks world prices have risen strongly so that the required subsidy is now below the ceiling level. Dealers said the tender result had minimal impact on prices in the London futures market.

The London Futures market began trading its job delivery contract today although the first contract to which the new terms apply is May 1986. The change is intended to bring the contract closer into line with trading practices on the physical market and also with the futures market's white contract. Mr Derek Whiting, the market chairman, said yesterday the expected change to make the market more attractive for hedging physical deals.

## Weaker sterling lifts zinc market

By Our Commodities Editor

THE LONDON zinc market yesterday brushed aside news of a production stoppage caused by a fire at the Sudco zinc plant in the Netherlands and a strike at four U.S. zinc mines owned by Fluor Corp's St Joe Resources subsidiary.

The two disclosures, which could imply the loss of significant quantities of zinc output, caused a late flurry in trading on the London Metal Exchange on Tuesday. Yesterday, however, prices eased amid profit-taking before being buoyed up by weaker sterling.

Three-month zinc was \$10 up on the day at \$519.50 per tonne at the official close.

Billiton, a subsidiary of Royal Dutch/Shell, said the fire had deprived Sudco of jointly owned by Billiton and the Australian Mining and Smelting Group—of all its smelting capacity.

It has a design capacity of 180,000 tonnes of zinc metal per year. Australian Mining and Smelting Europe said its 50 per cent share in Sudco's output would be seriously affected.

The four U.S. zinc mines, where strikes are reported to have stopped production on July 20, have total capacity of 4,000 short tons.

Unions there appeared yesterday to be digging in for a long stoppage.

However, London metal dealers and analysts said yesterday that the absence of metal from both sources was unlikely to have any lasting impact on the market, which has seen sharp price declines this year.

"There is so much zinc around that nobody's worrying very much," said one dealer. An analyst with another metal broker said the market was looking for more production cut following those announced a few days ago.

Johnson Matthey, the precious metals company, yesterday reversed the \$50-per-ounce hike in the price of silver to \$10.25 per ounce. That left its base price for unfabricated rhodium at \$750 per troy ounce.

# Cutting the Caribbean food bill

By CANUTE JAMES, RECENTLY IN BARBADOS

THE 13-NATION Caribbean Economic Community (Caricom) is attempting to put right an economic embarrassment.

Agriculture has traditionally been the basis of the economies of the Community's members. Despite the increasing importance of tourism, oil and bauxite, farming contributes substantially to national output—8.8 per cent of GDP (gross domestic product) in Jamaica and 8 per cent in Barbados.

Despite this, the members of the Community, with a total population of 4.5m, spent \$929m last year on food imports.

With most of them short of hard currency, and with decreased earnings from the newer pillars of their economies, the Caricom states have started a wide ranging agricultural programme to increase production.

The heads of government of the Community, at their annual meeting in Barbados, adopted a new protocol for agriculture. The measures have been described by an official of the Community's secretariat as being a model which other parts of the world would do well to emulate.

The Community has implemented a common tariff on food imports from outside the organisation which it believes can be produced efficiently and in adequate quantities by its members.

This has been accompanied by the removal of barriers to trade in farm products between Community members.

The third arm of the plan is the establishment of large farms in countries which have the land space to produce commodities which need large acreages.

"There is a need to increase the value and volume of exports from the Community to help

pay for imports," says Mr Hayden Blades, Caricom's director of trade.

The Community's agricultural exports last year were valued at \$444m. The region spent \$929m on imports.

The external tariff will result in duties of between 30 per cent for seafood and vegetable imports from outside the community, to 40 per cent for fruit and spices.

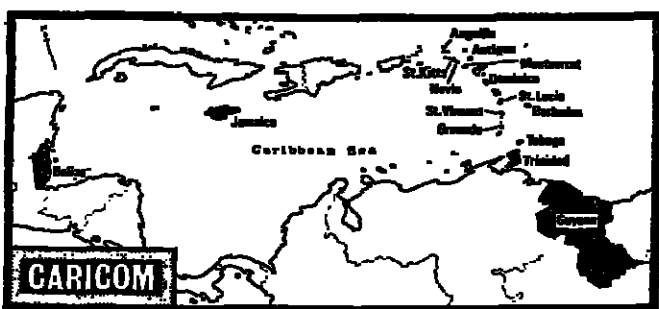
By creating this barrier, and offering preferential access to

shrimp, tomatoes, cabbages, sweet peppers, lettuce, cucumbers and pumpkins.

The country's fishermen and farmers have been producing more than the local market can absorb.

"The new protocol will provide greater protection from third country imports and lead to increased production," Mr Blades explained.

"Caribbean farmers can now produce in the knowledge that they will get good prices. The



Currently, 1.7m lbs of vegetables during the winter season. Jamaica now supplies approximately 28m lbs, or about 0.1 per cent of U.S. imports.

The island is aiming to raise its market share of U.S. vegetable imports to 9 per cent.

Mr Seaga has reported early success in efforts to increase winter vegetable exports. He reported that shipments in 1983 were 3.7m lbs, rising to 6.2m lbs last year.

But national and even regional successes in these areas will still leave the Community with a major problem in reducing imports of livestock products, feeds and cereals, which account for 60 per cent of the food import bill.

Most of the countries in the Community can increase output in some livestock products such as pork and poultry. But only three can deal with larger livestock and with feeds and cereals—Guyana, Belize, and Jamaica.

The Community is planning to establish large farms, owned by two or more members, in countries such as Belize and Guyana.

A pilot project under way in the Belize river valley will cover 5,000 acres with modern technology, carries hopes for Caricom's agricultural revolution.

## U.S. petrol stocks rise further

By Our Washington Staff

U.S. STOCKS of petrol rose sharply last week, running counter to seasonal trends according to the American Petroleum Institute (API).

For the week ending July 26, petrol stocks stood at 226.7m barrels, an increase of 6.8m barrels over a two-week period. They were 10.5m barrels below levels for the same week in 1984, considerably narrowing the wide disparities of recent months.

Crude oil stocks sank by 6.3m barrels over the week to 326.8m barrels, continuing their decline of the past five weeks. This time last year stocks stood at 355m barrels.

The API reported a rise in distillate fuel oil levels to 118.9m barrels, down 6.3m barrels on last year.

## Milk Board announces management shake up

By Andrew Gowers

THE Milk Marketing Board, the dairy monopoly in England and Wales, yesterday announced a significant management shake-up designed to streamline its operations and to emphasise its separation from its manufacturing subsidiary Dairy Crest Foods.

Under the new structure, three separate divisions—one responsible for milk marketing, one for breeding and production and one in the form of Dairy Crest—will report directly to the Board.

The post of MMB chief executive is to be abolished and its current occupant, Mr Geoffrey Bar, becomes chief executive of Dairy Crest Foods. Dairy Crest will have its own main board and an independent non-executive chairman, and the company will also move its headquarters out of the MMB's offices.

Sir Steve Roberts, MMB chairman, said yesterday that the changes were intended as a response to the decrease in milk output caused by milk production quotas and to increasing competitive pressures within Britain's dairy industry.

He said that, under the new structure, Dairy Crest would be "more self-contained, so it can concentrate absolutely on its business." In particular, Mr Bar's position would be more clearly defined.

The restructuring of MMB administration comes at a time when the Board is under attack from Britain's dairy trade for allegedly failing to manage Dairy Crest at arm's length as the law requires. The Government has appointed management consultants Touche Ross to investigate these claims.

## Pakistan plans wheat imports to meet shortfall

By Mohammed Aftab in Islamabad

PAKISTAN WILL import 2m tonnes of wheat this year to make good a shortfall in the 1984-85 winter crop.

The wheat is required mainly for maintaining stocks and a comfortable supply position, the Ministries of Food and Commerce said.

The 1984-85 crop is estimated at 11.7m tonnes, with earlier fears that it may fall below 11m tonnes having been proved too pessimistic. The original projection for the crop was 13m tonnes.

The persistent drought in the country and drastically reduced water flows in the rivers during the winter cut into wheat production. The low river flows also meant that the electricity generated by the reduced water pumps to irrigate wheat farms had to be switched off for several hours daily while the crop was growing.

Out of the proposed 2m tonnes, 650,000 tonnes will be purchased under counter-trade arrangements from Australia and elsewhere.

## LONDON MARKETS

ROBUSTA COFFEE futures on the London market moved up sharply yesterday influenced by a firmer New York market, easier sterling against the dollar and a strengthening following the dramatic falls of recent weeks. The September position, the new spot position following the expiry of July yesterday, ended \$44 up at \$1,584 a tonne and similar gains were made in forward months.

Some dealers said they thought the market had completed the correction needed from the overvalued position it reached last week. They thought further substantial gains were unlikely for the time being.

## ALUMINIUM

Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 716.7 -5.5 709.2  
3 months 737.8 -5.0 742.8

Official closing (am): Cash 709.10 (709.50), three months 731.5 (730.5), settlement 710 (710). Final Kibb close 708.38.

Turnover: 5,450 tonnes.

## COPPER

Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 1059.7 -2.5 1057.2  
Three months 1054.5 -1.5 1053.0

Official closing (am): Cash 1058.7 (1059.2), three months 1052.5 (1052.5), settlement 1057 (1057). Final Kibb close 1058.39.

Turnover: 1,320 tonnes. Strains in NYMEX (31.07) kilo.

## GOLD

Gold fell \$5 to \$325.325, on the London bullion market, and was fixed at \$326.10 in the morning. The metal was fixed at \$327.50 in the afternoon, touching a high of \$328.25, and a low of \$326.10 during the day.

GOLD BULLION (fine ounce) July 31  
Close \$325.325 (1984.1234)  
Opening \$326.10 (1984.1234)  
Min/Max \$326.10 (1984.1234)  
Mm/Max \$326.10 (1984.1234)

## LEAD

Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 289.5 -0.5 289.0  
3 months 295.5 -2.0 293.5

Official closing (am): Cash 289.5 (289.5), three months 295.5 (295.5), settlement 290 (290). Final Kibb close 289.57.

Turnover: 7,350 tonnes. U.S. spot: 15-21 cents per pound.

## NICKEL

Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 3545.00 -2.0 3537.0  
3 months 3590.5 -2.0 3582.5

Official closing (am): Cash 3536.5 (3536.5), three months 3587.0 (3587.0), settlement 3536 (3536). Final Kibb close 3536.10.

Turnover: 314 tonnes.

## ZINC

Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 519.0 -1.0 518.0  
3 months 523.5 -1.0 522.5

Official closing (am): Cash 520.1 (519.5), three months 525.5 (525.5), settlement 521 (521). Final Kibb close 520.23.

Turnover: 8,500 tonnes. U.S. Prime Western: 41-41.5 cents per pound.

## MAIN PRICE CHANGES

METALS	July 31 + or - Month	1985 - ago
Aluminium	\$1100 -5.5 \$1100	
Copper	\$1059.7 -2.5 \$1057.2	
Gold	\$325.325 -0.5 \$325.825	
Lead	\$289.5 -0.5 \$289.0	
Nickel	\$3545.00 -2.0 \$3537.0	
Silver	\$443.550 -2.5 \$446.050	
Tin	\$1015.5 -1.5 \$1017.0	
Zinc	\$519.0 -1.0 \$520.0	

## TIN

High grade Unofficial + or - High/Low (close, m.m.)  
4 per tonne  
Cash 1015.5 -1.5 1017.0  
3 months 1017.0 -1.5 1018.5

Official closing (am): Cash 1015.5 (1015.5), three months 1017.0 (1017.0), settlement 1015 (1015). Final Kibb close 1015.57.

Turnover: 1,320 tonnes. Strains in NYMEX (31.07) kilo.

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4 per tonne  
Cash 519.0 -1.0 518.0  
3 months 523.5 -1.0 522.5

Official closing (am): Cash 520.1 (519.5), three months 525.5 (525.5), settlement 521 (521). Final Kibb close 520.23.

Turnover: 8,500 tonnes. U.S. Prime Western: 41-41.5 cents per pound.

## INDICES

FINANCIAL TIMES	July 30 July 29/30/31	ago Year ago
299.05	295.65	275.95
(Base: July 1 1982 = 100)		

## REUTERS

July 31 July 30/31	ago Year ago
1684.71	1689.9
(Base: September 18 1931 = 100)	

## DOW JONES

July 31 July 30/31	ago Year ago
1141.11	1131.25
(Base: December 31 1927 = 100)	

## COFFEE

During a fairly active session prices advanced from early losses to trade 20-30 higher. The market was steady after the rise while good trade buying continued. The market was steady after the rise while good trade buying continued. The market was steady after the rise while good trade buying continued.

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(Base: December 31 1927 = 100)	

## U.S. MARKETS

CRUDE OIL	July 31 July 30/31	ago Year ago
29.95	29.55	27.95
(Base: July 1 1982 = 100)		

## CRUDE OIL

premium gasoline.....	282.285	--
as Oil.....	222.222	--
heavy fuel oil.....	132.136	+2
naptha.....	260.268	-4

\* September.

Petroleum Argus estimates

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**CRUDE OIL FUTURES**

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Month	Yesterday's Close	+ or -	Business Done
U.S. near future			

## CRUDE OIL

NO	225.50	-1.50	224.75-22.75
NO	225.75	-1.50	224.75-22.75
NO	225.00	-1.25	223.50-25.50

Turnover: 1,210 (\$72) lots of 100

## POTATOES

Pressure on the physical market, with supply exceeding demand as the growers move earlier prior to the harvest, pushed futures sharply lower, triggering spot-loss selling markets. A fall in the Dutch marketaken values further, reports Coley and Harper.

Yesterday's Previous Business

## CRUDE OIL

July 31	July 30/31	ago	Year ago
29.95	29.55	27.95	
(Base: July 1 1982 = 100)			

## CRUDE OIL

	July 31	July 30/31	ago Year ago
29.95	29.55	27.95	
(Base: July 1 1982 = 100)			

## CRUDE OIL

	Close	High/Low	Prev.
July 31	736	—	735.5-738
Oct. 31	788,790	789,787	799,801
Nov. 30	828,920	829,825	831,833
April 30	885,885	887,887	888,908
July 31	925,925	—	930,976
Oct. 31	955,970	—	956,990
Nov. 30	970,1010	—	930,1000

## PRECIOUS METALS

Gold	July 31 July 30/31	ago Year ago
1141.11	1131.25	1131.25
(Base: December 31 1927 = 100)		

## PRECIOUS METALS

Gold	July 31 July 30/31	ago Year ago
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(Base: December 31 1927 = 100)		

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Gold	July 31 July 30/31	ago Year ago
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(Base: December 31 1927 = 100)		

## PRECIOUS METALS

Gold	July 31 July 30/31	ago Year ago
1141.11	1131.25	1131.25
(Base: December 31 1927 = 100)		

## COTTON

	Close	High	Low	Prev
July 31	60.00	60.00	59.90	59.60
July 30	59.95	60.00	59.80	59.50
March	59.30	59.50	60.25	60.04
Nov	59.25	59.50	60.15	60.01
Sept	59.20	59.50	59.70	59.50
June	54.45			54.08
May	53.67	53.90	53.25	53.15

CRUDE OIL LIGHTS

	Close	High	Low	Prev
July 31	27.28	27.28	27.16	27.36
July 30	27.25	27.40	26.56	26.92
Nov	26.14	26.42	26.13	26.44
March	25.83	26.20	26.82	26.40
Sept	25.80	26.10	26.10	26.10
June	25.49	25.68	25.55	25.78
May	26.20	26.50	26.20	26.50
April	26.10	26.40	26.10	26.10
March	24.85	25.00	25.00	25.27
Feb	24.90	25.00	24.90	25.12

CRUDE OIL TINY CR. \$/TRY oz.

	Close	High	Low	Prev
July 31	321.7	323.7	324.7	324.0
July 30	321.0	323.7	324.7	323.5
March	321.0	323.7	324.7	324.0

## COTTON

August	354.0	—	—	350.5	P
July	369.3	—	—	356.1	P
June	364.5	369.0	364.5	361.6	A
May	370.5	—	—	367.3	F
April	376.3	—	—	373.1	M

CRACKING OIL

	1000 U.S. gallons	cents/U.S. gallons		1000 U.S. gallons	cents/U.S. gallons
	Latest	High	Low	Prev	
August	69.90	70.60	69.50	70.52	J
July	70.70	71.40	70.40	71.44	J
June	71.60	72.25	71.40	72.25	S
May	72.30	73.00	72.15	73.09	A
April	73.10	73.80	72.85	73.82	S
March	73.40	74.15	73.50	74.25	S

## COTTON

RANGE JUICE 15,000 lb. cents/lb				
	Close	High	Low	Prev
ot	132.05	132.50	130.50	131.25
	128.95	129.50	127.40	128.00
arch	125.10	126.85	123.50	124.05
	124.95	126.05	123.00	124.00
	124.65	—	—	124.00
TATUM 50 Troy oz. \$/Troy oz				
	Close	High	Low	Prev
	257.3	259.0	256.5	257.0
	252.6	253.5	250.5	256.7
H	257.7	258.5	256.5	257.5
	310.0	—	—	—
AVER 5,000 Troy oz. cents/Troy oz				
	Close	High	Low	Prev
ust	529.4	—	—	526.6

## COTTON

h	659.7	685.0	657.0	686.1	W
h	688.2	670.0	670.0	667.5	Ju
h	679.4	687.0	676.0	677.6	W
h	690.2	699.0	699.0	688.2	W
h	708.6	—	—	704.5	W
YEAR WORLD " 11 "					
1000 lb, cents/lb					
	Close	High	Low	Prev	
t	4.35	4.37	4.16	4.17	Jul
	4.50	4.57	4.30	4.28	Sep
	4.77	4.77	4.55	4.48	

## COTTON

3.70	3.71	3.50	3.54	01
<hr/>				
<b>WOOL FUTURES</b>				
<b>WEDNEY GREASY WOOL—Close (in</b>				has Zea 65. 50.

## COTTON

July 31	July 30/31	ago	Year ago
29.95	29.55	27.95	
(Base: July 1 1982 = 100)			

## CHICAGO

VE CATTLE 40,000 lb, cents/lb				
	Close	High	Low	Prev
August	52.07	52.07	51.95	51.57
July	55.92	56.82	53.65	54.42
June	57.50	57.55	55.30	56.55
May	58.20	58.20	56.50	57.85
April	59.30	59.30	57.45	58.50
March	60.20	60.20	58.15	58.70
February	60.20	60.20	58.05	58.70
VE HOGS 35,000 lb, cents/lb				
	Close	High	Low	Prev
August	43.67	43.67	42.97	42.97
July	44.00	44.02	43.55	43.55
June	47.10	47.10	46.05	46.10
May	45.50	45.50	44.50	44.50
April	40.50	40.50	39.60	38.40
March	43.57	43.57	42.70	42.07
February	43.57	43.57	42.70	42.07
January	43.57	43.57	42.70	42.07
December	43.05	43.05	42.10	41.25
November	46.87	46.87	45.07	44.00
CATTLE 5,000 lb, min.				
	Close	High	Low	Prev
August	229.8	229.8	228.0	228.0
July	224.2	224.6	222.2	222.6

## CHICAGO

	222.2	222.0	222.4	224.8
ARK BELLIES 38,000 lb. cents/lb				
	Close	High	Low	Prev
August	52.70	52.70	49.85	50.70
July	62.35	62.40	60.05	60.40
June	61.90	61.90	59.20	59.90
May	62.95	62.95	60.50	60.95
April	62.80	63.20	61.40	61.20
March	61.30	61.50	61.30	58.60
YABEANS 5,000 bu min.				
cts/60-lb bushel				
	Close	High	Low	Prev
August	523.4	527.2	516.0	523.0
July	521.8	524.0	515.4	519.2

## CHICAGO

ust	550.0	558.0	550.0	550.2
t	541.4	546.0	544.4	544.0
			539.4	540.0
ABEAN MEAL 100 tons, \$/ton				
	Close	High	Low	Prev
ust	129.9	120.1	118.3	118.3
t	128.7	123.5	121.2	121.2
	124.8	124.9	122.1	122.3
	128.5	123.0	123.8	127.4
ch	130.5	130.5	129.0	129.4
	134.0	134.5	132.5	132.5
	137.0	138.0	135.5	138.0
	141.0	142.0	138.7	140.0
ABEAN OIL 60,000 lb, cents/lb				
	Close	High	Low	Prev
ust	25.15	25.50	24.96	25.13
t	25.05	25.40	24.86	24.78
	24.70	24.90	24.60	24.90

## CHICAGO

	24.00	24.15	23.90	23.95
EAT 5,000 bu min, s/80-lb bushel				
	Close	High	Low	Prev
	285.0	297.0	288.4	295.4
	302.4	304.2	296.6	302.6
ch	301.8	304.0	296.2	301.6
	288.2	292.2	286.4	291.2
	271.2	—	265.0	270.6
	276.8	—	—	274.0
POT	PRICES—Chicago, June 1982			

## CHICAGO

July 31	July 30/31	ago	Year ago
29.95	29.55	27.95	
(Base: July 1 1982 = 100)			

---

y 65.0 to 67.0; imported; New  
and PL 64.5 to 65.5, PX 64.0 to  
Port: English under 100 lb  
to 56.0, 100-120 lb 49.0 to 54.0.

## CHICAGO

July 31	July 30/31	ago	Year ago
29.95	29.55	27.95	



## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar closes above worst

The dollar finished weaker on the day, but well above early morning lows. Speculation about a possible weakening of oil prices, if Saudi Arabia increases production to the top of its Opec quota, gave a late boost to the dollar. Demand for the U.S. currency at the end of the month and a firm Federal funds rate in New York added further support.

Overnight weakness in New York on Tuesday and the Far East pushed the dollar down to a low of DM 2.78 in the European trading, as the foreign exchange market remained concerned about the prospects for the U.S. economy. The index of leading indicators rose by 1.0 per cent, against expectations of around 0.8 per cent, but the May figure was revised down to 0.1 per cent from 0.7 per cent, creating uncertainty in the market.

The dollar fell to DM 2.8065 from DM 2.8170; FF 8.56 from FF 8.57, and ¥236.50 from ¥237.30, but improved slightly to DM 2.7980 from DM 2.7965.

On Bank of England figures the dollar's index fell to 136.5 from 138.8.

Among other currencies, the South African rand was very weak on rumours about the

possible reintroduction of a two-currency system.

**STERLING** — Trading range against the dollar in 1985 is 12.1500 to 12.6250, June average 12.3125. Exchange rate index fell 0.9 to 82.5, the lowest level of the day. It opened at the day's peak of 84.2 and was steady around 84.1 for most of the day. Sterling weakened against the dollar and other major currencies. The initial decline was in reaction to lower London interest rates and expectations of another reduction in UK clearing bank base rates but the pound also fell in late trading after Sheikh Yamani, Saudi Arabian oil minister, warned of a possible rise in oil production.

The D-mark continued to advance against the dollar yesterday, with the U.S. currency falling to its lowest level for over a year. It closed at DM 2.7980, a Frankfurt, compared with DM 2.8215 on Tuesday. The dollar fell immediately after publication of U.S. leading indicators, but then showed a late rally. It finished near the day's high, on commercial demand, but could not hold above DM 2.80. Earlier in the day the dollar was fixed at DM 2.7854, compared with DM 2.8353, the lowest level since the end of June last year. The weakness of the dollar followed Tuesday's disappointing U.S. trade figures and selling of the currency overnight in New York and in the Far East. Sterling fell to DM 3.8880 at the Frankfurt fixing from DM 4.0350 on speculation about cuts in UK bank base.

STERLING INDEX		
	July 31	Previous
6.30 am	84.2	84.6
9.00 am	84.1	84.6
10.00 am	84.0	84.6
11.00 am	84.1	84.6
Noon	84.1	84.6
1.00 pm	84.1	84.5
2.00 pm	84.1	84.5
3.00 pm	84.1	84.5
4.00 pm	84.1	84.4

£ IN NEW YORK		
	July 31	Prev. close
6 Spot	\$1.4855-1.4860	\$1.4860
1 month	0.64-0.68 pm	0.64-0.68 pm
3 months	1.02-1.05 pm	1.02-1.05 pm
12 months	1.30-1.35 pm	1.30-1.35 pm

## FINANCIAL FUTURES

## Bonds strong

U.S. Treasury bonds were the strong feature on the London International Financial Futures Exchange yesterday. September delivery bonds opened weaker at 74.20, but soon met with good buying, taking the contract up to 74.20, before Chicago opened. The larger than expected rise in U.S. June leading indicators—1.0 per cent against an anticipated 0.8 per cent—encouraged selling taking the price down to 74.17, but it closed just below the day's peak at 74.25, compared with 74.23 on Tuesday after a downward revision to 0.1 per cent from 0.7 per cent in the May figure. Dealers suggested there is strong resistance around the 75-00 level.

A higher-than-expected Federal funds rate of 8 per cent in early New York trading depressed the contract, which closed at 91.63 against 91.65 previously. Starting-denominated contracts weakened against a background of a falling pound on the foreign exchange, and renewed fears about lower oil prices. September short sterling opened strong at 89.20, but closed near the day's low at 89.05, compared with the previous settlement of 89.15. Gilt futures were also sold down on similar factors.

LONDON		
	High	Low
Sept 74.25	74.25	74.17
Dec 74.25	74.25	74.17
March 74.25	74.25	74.17
June 74.25	74.25	74.17
Sept 74.25	74.25	74.17
Dec 74.25	74.25	74.17
March 74.25	74.25	74.17
June 74.25	74.25	74.17

U.S. TREASURY BONDS		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63
Sept 91.63	91.63	91.63
Dec 91.63	91.63	91.63
March 91.63	91.63	91.63
June 91.63	91.63	91.63

THREE-MONTH STERLING		
	High	Low
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05
Sept 89.20	89.20	89.05
Dec 89.20	89.20	89.05
March 89.20	89.20	89.05
June 89.20	89.20	89.05

U.S. TREASURY BONDS (CBT)		
	High	Low







INDUSTRIALS—Continued	1945	1946	1947	1948	1949	1950	1951	1952	1953	LEISURE—Continued	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	PROPERTY—Continued	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	INVESTMENT TRUSTS—Cont.	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	FINANCE, LAND—Cont.	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	MINES—Continued	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960																																																																																																																											
Stock	Price	Div	Yld	PE	P/E	P/E	P/E	P/E	P/E	Stock	Price	Div	Yld	PE	P/E	P/E	P/E	P/E	P/E	P/E	Stock	Price	Div	Yld	PE	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	Stock	Price	Div	Yld	PE	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	Stock	Price	Div	Yld	PE	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E



## LONDON STOCK EXCHANGE

## MARKET REPORT

## Equities stage marked late turnaround as sterling falls back from initial high

## Account Dealing Dates

\*First Declared Last Account  
Dealings Date  
July 15 July 22 Aug 5  
July 29 Aug 5 Aug 19  
Aug 12 Aug 29 Aug 30 Sept 9

\*New-time\* dealings may take place from 9.30 am two business days earlier.

Leading shares staged a marked turnaround late in the session yesterday and the FT Ordinary share index, which had shown losses ranging from 6.3 to 3.2 at all inter-day calculations, closed a net 1.1 up on the day at 943.1. The after-hours shift in sentiment was mainly attributed to the exchange rate, although a more encouraging trend in early Wall Street trading helped.

The equity market had earlier been unsettled by the Confederation of British Industry's warning that the economic recovery could be losing momentum. Dealers marked the majority of blue chips down immediately business started and prices suffered further when stock came on offer from nervous short-term holders. Exchange rate considerations influenced potential investors as the pound rose to over \$1.43 against the dollar before reacting sharply later.

Revised concern over the damaging effects of a strong currency on overseas earnings seemed to outweigh the thought that its continuing buoyancy increased the chance of another small cut soon in base lending rates.

A specialist brokers' adverse view of the Engineering sector also brought pressure to bear on the market, and on GKN in particular. The group is due to announce its preliminary statement next Wednesday and a leading jobber has downgraded its profit forecast from £140m to £130m. Around mid-morning, however, the sales of top-quality stocks abated and the price falls were subsequently reduced.

A combination of overseas profit-taking and switching to under-linked issues lowered international Government securities. The continued firmness of the D-mark against other international currencies lured funds away from both sterling and the City-edged market. Although the offerings were described as relatively light, longer-dated Gilt edged progressively to close with losses of approaching 3 points. In marked contrast, index-linked stocks rose, in a currently untapped market, by amounts extending to 1; fears were voiced that the rate of inflation may not fall as sharply as recently envisaged.

## NatWest down again

NatWest lost 10 more for a two-day decline of 3.5 to 655p on the disappointing interim results. Other cleaners' market time awaited today's half-year profits statements from Barclays and Midland, unchanged at 57p and 39p, respectively. Lloyds, scheduled to bring the season to a close tomorrow, also closed

altered at 39p, after 39p.

Computer services concern

CAP Group staged a successful

market debut; the shares, offered

at 120p, opened at 131p and

moved up to 141p.

Leading Buildings were

virtually unchanged, but secondary

issues displayed several

noteworthy movements. SGB

attracted further buying interest

on takeover hopes and moved 4

for a two-day gain of 12 to 183p,

while recently-overlooked Elgas

and Hilt moved up 5 to 365p.

Watts Blake Beane improved 5

more to 230p, while Trent Holdings

hardened a couple of pence

to 106p following satisfactory

internal results. Military however,

came under renewed selling

pressure in the absence of any

confirmation of recent reports concern-

ing possible cash flow problems

and dipped to a 1985 low of 25p

prior to closing 2 down at 26p.

The poor annual results con-

tinued to depress J. Jarvis which

fell 23 to 27p.

## FINANCIAL TIMES STOCK INDICES

	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	February 28	February 27	February 26	February 25	February 24	February 23	February 22	February 21	February 20	February 19	February 18	February 17	February 16	February 15	February 14	February 13	February 12	February 11	February 10	February 9	February 8	February 7	February 6	February 5	February 4	February 3	February 2	February 1	January 31	January 30	January 29	January 28	January 27	January 26	January 25	January 24	January 23	January 22	January 21	January 20	January 19	January 18	January 17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December 23	December 22	December 21	December 20	December 19	December 18	December 17	December 16	December 15	December 14	December 13	December 12	December 11	December 10	December 9	December 8	December 7	December 6	December 5	December 4	December 3	December 2	December 1	November 30	November 29	November 28	November 27	November 26	November 25	November 24	November 23	November 22	November 21	November 20	November 19	November 18	November 17	November 16	November 15	November 14	November 13	November 12	November 11	November 10	November 9	November 8	November 7	November 6	November 5	November 4	November 3	November 2	November 1	October 31	October 30	October 29	October 28	October 27	October 26	October 25	October 24	October 23	October 22	October 21	October 20	October 19	October 18	October 17	October 16	October 15	October 14	October 13	October 12	October 11	October 10	October 9	October 8	October 7	October 6	October 5	October 4	October 3	October 2	October 1	September 30	September 29	September 28	September 27	September 26	September 25	September 24	September 23	September 22	September 21	September 20	September 19	September 18	September 17	September 16	September 15	September 14	September 13	September 12	September 11	September 10	September 9	September 8	September 7	September 6	September 5	September 4	September 3	September 2	September 1	August 31	August 30	August 29	August 28	August 27	August 26	August 25	August 24	August 23	August 22	August 21	August 20	August 19	August 18	August 17	August 16	August 15	August 14	August 13	August 12	August 11	August 10	August 9	August 8	August 7	August 6	August 5	August 4	August 3	August 2	August 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	February 28	February 27	February 26	February 25	February 24	February 23	February 22	February 21	February 20	February 19	February 18	February 17	February 16	February 15	February 14	February 13	February 12	February 11	February 10	February 9	February 8	February 7	February 6	February 5	February 4	February 3	February 2	February 1	January 31	January 30	January 29	January 28	January 27	January 26	January 25	January 24	January 23	January 22	January 21	January 20	January 19	January 18	January 17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December 23	December 22	December 21	December 20	December 19	December 18	December 17	December 16	December 15	December 14	December 13	December 12	December 11	December 10	December 9	December 8	December 7	December 6	December 5	December 4	December 3	December 2	December 1	November 30	November 29	November 28	November 27	November 26	November 25	November 24	November 23	November 22	November 21	November 20	November 19	November 18	November 17	November 16	November 15	November 14	November 13	November 12	November 11	November 10	November 9	November 8	November 7	November 6	November 5	November 4	November 3	November 2	November 1	October 31	October 30	October 29	October 28	October 27	October 26	October 25	October 24	October 23	October 22	October 21	October 20	October 19	October 18	October 17	October 16	October 15	October 14	October 13	October 12	October 11	October 10	October 9	October 8	October 7	October 6	October 5	October 4	October 3	October 2	October 1	September 30	September 29	September 28	September 27	September 26	September 25	September 24	September 23	September 22	September 21	September 20	September 19	September 18	September 17	September 16	September 15	September 14	September 13	September 12	September 11	September 10	September 9	September 8	September 7	September 6	September 5	September 4	September 3	September 2	September 1	August 31	August 30	August 29	August 28	August 27	August 26	August 25	August 24	August 23	August 22	August 21	August 20	August 19	August 18	August 17	August 16	August 15	August 14	August 13	August 12	August 11	August 10	August 9	August 8	August 7	August 6	August 5	August 4	August 3	August 2	August 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	February 28	February 27	February 26	February 25	February 24	February 23	February 22	February 21	February 20	February 19	February 18	February 17	February 16	February 15	February 14	February 13	February 12	February 11	February 10	February 9	February 8	February 7	February 6	February 5	February 4	February 3	February 2	February 1	January 31	January 30	January 29	January 28	January 27	January 26	January 25	January 24	January 23	January 22	January 21	January 20	January 19	January 18	January 17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December 23	December 22	December 21	December 20	December 19	December 18	December 17	December 16	December 15	December 14	December 13	December 12	December 11	December 10	December 9	December 8	December 7	December 6	December 5	December 4	December 3	December 2	December 1	November 30	November 29	November 28	November 27	November 26	November 25	November 24	November 23	November 22	November 21	November 20	November 19	November 18	November 17	November 16	November 15	November 14	November 13	November 12	November 11	November 10	November 9	November 8	November 7	November 6	November 5	November 4	November 3	November 2	November 1	October 31	October 30	October 29	October 28	October 27	October 26	October 25	October 24	October 23	October 22	October 21	October 20	October 19	October 18	October 17	October 16	October 15	October 14	October 13	October 12	October 11	October 10	October 9	October 8	October 7	October 6	October 5	October 4	October 3	October 2	October 1	September 30	September 29	September 28	September 27	September 26	September 25	September 24	September 23	September 22	September 21	September 20	September 19	September 18	September 17	September 16	September 15	September 14	September 13	September 12	September 11	September 10	September 9	September 8	September 7	September 6	September 5	September 4	September 3	September 2	September 1	August 31	August 30	August 29	August 28	August 27	August 26	August 25	August 24	August 23	August 22	August 21	August 20	August 19	August 18	August 17	August 16	August 15	August 14	August 13	August 12	August 11	August 10	August 9	August 8	August 7	August 6	August 5	August 4	August 3	August 2	August 1	July 31	July 30	July 29	July 28	July 27	July 26	July 25	July 24	July 23	July 22	July 21	July 20	July 19	July 18	July 17	July 16	July 15	July 14	July 13	July 12	July 11	July 10	July 9	July 8	July 7	July 6	July 5	July 4	July 3	July 2	July 1	June 30	June 29	June 28	June 27	June 26	June 25	June 24	June 23	June 22	June 21	June 20	June 19	June 18	June 17	June 16	June 15	June 14	June 13	June 12	June 11	June 10	June 9	June 8	June 7	June 6	June 5	June 4	June 3	June 2	June 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	April 30	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	April 18	April 17	April 16	April 15	April 14	April 13	April 12	April 11	April 10	April 9	April 8	April 7	April 6	April 5	April 4	April 3	April 2	April 1	March 31	March 30	March 29	March 28	March 27	March 26	March 25	March 24	March 23	March 22	March 21	March 20	March 19	March 18	March 17	March 16	March 15	March 14	March 13	March 12	March 11	March 10	March 9	March 8	March 7	March 6	March 5	March 4	March 3	March 2	March 1	February 28	February 27	February 26	February 25	February 24	February 23	February 22	February 21	February 20	February 19	February 18	February 17	February 16	February 15	February 14	February 13	February 12	February 11	February 10	February 9	February 8	February 7	February 6	February 5	February 4	February 3	February 2	February 1	January 31	January 30	January 29	January 28	January 27	January 26	January 25	January 24	January 23	January 22	January 21	January 20	January 19	January 18	January 17	January 16	January 15	January 14	January 13	January 12	January 11	January 10	January 9	January 8	January 7	January 6	January 5	January 4	January 3	January 2	January 1	December 31	December 30	December 29	December 28	December 27	December 26	December 25	December 24	December 23	December 22	December 21	December 20	December 19	December 18	December 17	December 16	December 15	December 14	December 13	December 12	December 11	December 10	December 9	December 8	December 7	December 6	December 5	December 4	December 3	December 2	December 1	November 30	November 29	November 28	November 27	November 26	November 25	November 24	November 23	November 22	November 21	November 20	November 19	November 18	November 17	November 16	November 15	November 14	November 13	November 12	November 11	November 10	November 9	November 8	November 7	November 6	November 5	November 4	November 3	November 2	November 1	October 31	October 30	October 29	October 28	October 27	October 26	October 25	October 24	October 23	October 22	October 21	October 20	October 19	October 18	October 17	October 16	October 15	October 14	October 13	October 12	October 11	October 10	October 9	October 8	October 7	October 6	October 5	October 4	October 3	October 2	October 1	September 30	September 29	September 28	September 27	September 26	September 25	September 24	September 23	September 22	September 21	September 20	September 19	September 18	September 17	September 16	September 15	September 14	September 13	September 12	September 11	September 10	September 9	
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**Continued on Page 35**



## AMEX COMPOSITE CLOSING PRICES

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# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Encouraging Fed data raises hopes

INDICATIONS from the latest Federal Reserve data of a renewed strengthening in the U.S. economy helped Wall Street yesterday to extend its recovery, writes Terry Byland in New York.

Encouraged also by firmness in bonds ahead of the Treasury's refunding announcement, stock prices opened buoyantly. Airline issues rose sharply as the industry moved towards an increased fare structure.

At the close the Dow Jones industrial average was 1.35 higher at 1,347.45.

The White House hailed the 1 per cent gain in the leading economic indicators for last month as a sign of renewed growth, and the 1.9 per cent jump in factory orders was well above expectations. However, Wall Street was restrained in its response, noting that Mr Malcolm Baldrige, the Commerce Secretary, said a "stronger performance" was needed to realise the Administration's growth targets.

The high technology sector returned to favour, led by IBM which advanced sharply on the prospect that Japan may release computer patents to the U.S. computer group so as to help ease trade tensions. IBM gained \$1 to \$131 1/4, only \$6 off its peak price.

Digital Equipment jumped \$1 1/4 to \$102 1/2 while Burroughs added \$1 to \$64 1/2.

after announcing plans to issue \$174m in debentures.

Texas Instruments, although still subdued after the recent trading news, rose \$ 1/4 to \$104 1/4.

Airline stocks provided a boost for the Dow transportation average. The disclosure that the other major carriers will match the higher fare structure introduced last week by United Airlines - opening the way to an average increase of 7 per cent in airline fares - brought widespread gains in stocks involved.

United jumped \$1 1/4 to \$54 1/4 and American \$1 1/4 to \$48 1/4. Heavy turnover saw Pan Am \$ 1/4 up at \$67 1/4. Delta Air, expected shortly to follow the move to higher fares, gained \$1 1/4 to \$49 1/4.

Downward pressures on fuel prices from the futures market also continued to boost airline stocks.

But underlying worries about interest rates were reflected in utility stocks, which abandoned an initial improvement to return to the downward path. Some credit market analysts believe that this week's record Treasury funding programme could spark a return of higher interest rates which would hurt the heavy capital commitments of the utilities.

The Detroit carmakers benefited from bargain hunters attracted by the falls in stock prices earlier this week. American Motors was unchanged at \$34, with the market unshaken by the heavy second-quarter loss, which had been widely foreseen.

General Motors added \$ 1/4 to \$71 1/4, Ford \$1 1/4 to \$44 1/4, and Chrysler \$ 1/4 to \$35 1/4, but none of the car stocks attracted heavy turnover.

Steel shares continued to respond warmly to the higher profits and dividend from U.S. Steel, which added \$ 1/4 to \$30 1/4. The profits statement from Bethlehem Steel took the stock up \$ 1/4 to \$18 1/4, and Inland Steel, \$ 1/4 up at \$24 1/4 was firm ahead of results.

Stock in Levi Strauss, the jeans manufacturer, topped the active list, gaining \$1 1/4 to \$49 1/4 on the buyout plan agreement.

Colgate-Palmolive slipped \$ 1/4 to \$27 1/4 in heavy turnover as the stock buyback plan unfolded. Wall Street wondered if a bid defence was being mounted and whether the predator might be forced to make a move.

In the banking sector, BankAmerica slipped \$ 1/4 to \$18 1/4 as the bank commenced its staff cutting programme. Other banking stocks began to benefit from recommendation by a leading brokerage house. At \$68 1/4, Bankers Trust gained \$ 1/4, J.P. Morgan added \$ 1/4 to \$49 1/4 and Chase Manhattan at \$57 1/4 was \$ 1/4 better.

The bond market turned firm at mid-session, despite a general unwillingness to open up positions ahead of the Treasury's announcement of its new refunding programme. Gains of half a point or so were recorded at the longer end.

But the short end of the credit market was discouraged by a federal funds rate which moved up 8 1/4 per cent as the banking settlement operations unwound. Treasury bill rates were either side of their overnight levels, while money market rates shaded by about five basis points.

### TOKYO

## Foreigners rush to sell financials

FINANCIAL and public works-related stocks were lower while biotechnology and blue-chip issues revived in Tokyo yesterday, writes Shigeo Nishitani of Jiji Press.

The Nikkei-Dow average extended its decline amid investor uncertainty about market prospects, losing 37.62 points to 12,232.27 for its third successive drop. The view was firming that the market correction would be prolonged as the index's 200-day moving average fell below 12,248. The broader-based Tokyo stock exchange index plunged 14.02 points to 992.13, falling below the 1,000 level for the first time in about two months.

Volume contracted marginally to 426.45m shares from Tuesday's 464.68m. Declines outnumbered advances 461 to 387 with 88 issues unchanged.

Financial stocks, especially non-life insurers, dropped in massive foreign selling. One large securities house said it had received orders from European institutional investors to sell financial and public works-related stocks in blocks of several million shares.

Another firm noted that foreigners' sell orders, placed with the big four brokers early in the morning, totalled more than 7m shares.

The foreign rush to sell financial stocks was interpreted as concern about their continued surge since late last year.

Major non-life insurers to lose were Tokio Marine and Fire Insurance, down Y95 to Y850 and Taisho Marine and Fire Insurance, down Y77 to Y555. Among bank stocks, Mitsubishi Trust and Banking and Sumitomo Trust and Banking moved the maximum Y200 down to Y1,090 and Y1,170, respectively. Sumitomo Bank relinquished Y50 to Y1,830.

Public works-related issues eased on a broad front. Sumitomo Construction, ranking third on the list of 10 most active stocks with 15.67m shares, lost Y21 to Y354. Sato Kogyo, which had gained ground on speculative buying, fell Y41 to Y417, and Wakachiku Construction moved Y74 down to Y355.

Biotechnology stocks were spotlighted. Kuraray gained Y140 to Y1,320, surpassing its previous record high of Y1,250 reached on February 8, on heavy volume of 16.82m shares.

Blue-chip stocks, particularly in the electrical sector, firmed in thin trading. Anritsu Electric put on Y130 to Y1,530, Sony Y90 to Y3,500 and Hitachi Y9 to Y700.

This amounted to an about-face in the trading pattern since last April - buying public works-related and financial stocks while selling biotechnology and blue-chip issues. The market view, however, was that the slump in favourites had caused some investors to divert money to biotechnology and blue-chip shares to make quick profits.

The bond market staged a sharp rally after six trading days of weakness as some securities firms, encouraged by the renewed stability of U.S. long-term bond prices, flocked to buy bonds. The yield on the benchmark 6.8 per cent government bond due in December 1994 eased to 6.420 per cent from Tuesday's 6.480 per cent.

### AUSTRALIA

INITIAL weakness in Sydney was overturned by midsession and prices firmed as buyers surged into the resource sector.

The All Ordinaries index, which had drifted as low as 930.7 during the day, rose 3.5 to end at 936.0.

In the resources sector, BHP gained 4 cents to A\$6.60 on high turnover, CSR added 7 cents to A\$3.25 on speculation that the company has offloaded half its stake in Delhi Petroleum to Esso for A\$650m, and Santos rose 22 cents to A\$5.70 on news of this possible sale because investors had been concerned that Santos may be considering buying Delhi.

### EUROPE

## Sporadic forays lift tone

FOREIGN INVESTORS made sporadic forays onto the European bourses yesterday as some operators judged it prudent to set aside concern over the fall in the dollar at least for the moment.

Germany and Sweden were centres of particular overseas interest while Belgium braced itself for the full impact in a rise in the bank discount rate.

Carmakers were given the green light in a moderately active Frankfurt that staged a partial recovery, although the Commerzbank index lost 4.5 to 1,351.4.

Porsche recouped DM 54 of its recent heavy losses to close at DM 1,289 and VW added DM 3.50 to DM 285.50. Daimler managed a DM 3 rally to DM 822 ex-dividend.

Banks posted gains of between DM 1 and DM 2 as Commerzbank firmed DM 1.90 to DM 207.10 and the stores sector was largely steady despite Herten's DM 1 setback to DM 183.

Munich Re was marked down a hefty DM 85 to DM 1,750 while associate insurer Allianz managed a modest DM 5 rise to DM 1,300.

Chemicals did not enjoy the full benefit of the foreign buying as Hoechst edged 10 pig up to DM 211.30 and Bayer dipped 50 pig to DM 211.

Bonds were steady as the Bundesbank sold DM 27.2m in paper after Tuesday's 72.8m purchase.

Overseas support surfaced in Stockholm amid prime ministerial denials of an increase in share taxation. Electrolux topped the active list with a SKr 3 rise to SKr 286, while gains of SKr 2 each were scored by Atlas Copco at SKr 109 and SKF at SKr 228. Stora Kopparberg snatched the prize for largest gain of the session with its sparkling SKr 16 jump to SKr 151. The group has recently moved within a narrow band near the bottom of its 1985 trading range.

Brussels edged lower in light trading without any broad impact from the 1/2 percentage point increase in official Belgian interest rates.

Utilities, always sensitive to interest rate moves, turned lower as Electrolux lost Bfr 50 to Bfr 8,540 and Intercom weakened Bfr 35 to Bfr 2,265. Some traders expect a wider reaction to the rate move today.

Petrofina traded Bfr 50 higher to Bfr 8,540 and Gevaert moved Bfr 10 up to Bfr 4,000.

Zurich edged lower as banks eased and insurers finished mixed. Bond prices closed slightly higher on interest rate and currency considerations.

The summer holiday mood was much in evidence in a weaker Paris that took stores group Galeries Lafayette 4 1/2 per cent lower with a FFr 30 fall to FFr 850 while the electronics sector was led down by Radiotechnique by FFr 12 to FFr 283, a 3 1/4 per cent setback. Lesieur moved against the trend with a FFr 35 advance to FFr 605.

The mixed finish in Amsterdam was almost a re-run of Tuesday's trading with Akzo finding favour in brittle internationalists as the dollar lost further ground. The fibres group rose Fl 1.50 to Fl 124.50, another new 1985 high while Unilever lost Fl 1.30 to close at Fl 345.20 and Royal Dutch lost 30 cents to Fl 195.

A shortage of paper and bearish interest rate sentiment bolstered bond prices by up to 50 basis points although gains of between 10 and 30 were more common. Foreign investors were active.

An uncertain start was overcome in Milan with insurers giving the session a firm lead. Generali put on L750 to L54,750 while on the industrial pitches, Fiat jumped to L4,130 a gain of L55 while Montedison lost L2 to L2,013.

State controlled banks were easier as Banco Commerciale Italiana retreated L300 to L23,700 ahead of today's meeting in Rome by the IRI state holding company which owns 87.6 per cent of the bank, about prospects for the partial privatisation of BCL.

Light trading persisted in Madrid with banks and utilities making modest progress.

### SOUTH AFRICA

AS THE rand plunged to a six-month low against the U.S. dollar in early hectic trading, investors stepped in to buy gold shares which ended the session firmer.

Some late profit-taking trimmed gains, however, and left Vaal Reefs up R8 at R169, after touching R173, Buffels R3 ahead at R45.50 and Driefontein R3.25 higher at R45.25.

### CANADA

AN ACTIVE Toronto saw prices moving higher after the two previous lower sessions.

Power Corporation added C\$ 1/4 to C\$19 1/4, International Thomson gained C\$ 1/4 to C\$39 1/4 and Bank of British Columbia moved ahead C\$ 1/4 to C\$55 1/4.

Prices also rose higher across the board in Montreal.

### LONDON

## Blue chips stage late turnaround

LEADING shares staged a marked turnaround late in the session in London yesterday and the FT Ordinary share index ended 7 1/2 up at 943.1.

Prices had earlier been unsettled by the UK employer's group warning that the economic recovery could be losing momentum. Blue chips were immediately marked down but later recovered on exchange rate considerations as the pound rose against the dollar.

A combination of overseas profit-taking and switching to index-linked issues lowered conventional government securities. Longer-dated gilts eased progressively to close with losses of about one point.

In marked contrast, index-linked stocks rose by amounts extending to 1/2.

Chief price changes. Page 33; Details, Page 32; Share information service, Pages 30-31.

### HONG KONG

AFTER a steady opening in Hong Kong, selling soon emerged to send prices lower across the board. The Hang Seng index lost 5.62 to close the half-day session at 1,880.62.

In mixed banks, Hongkong Bank added 10 cents to HK\$8.00, Bank of East Asia was unchanged at HK\$23.40 while Hang Seng lost 25 cents to HK\$47.25.

Properties drifted lower with Cheung Kong off 30 cents at HK\$17.70, Hongkong Land 5 cents to HK\$8.40 while Sun Hung Kai remained steady at HK\$12.90.

### SINGAPORE

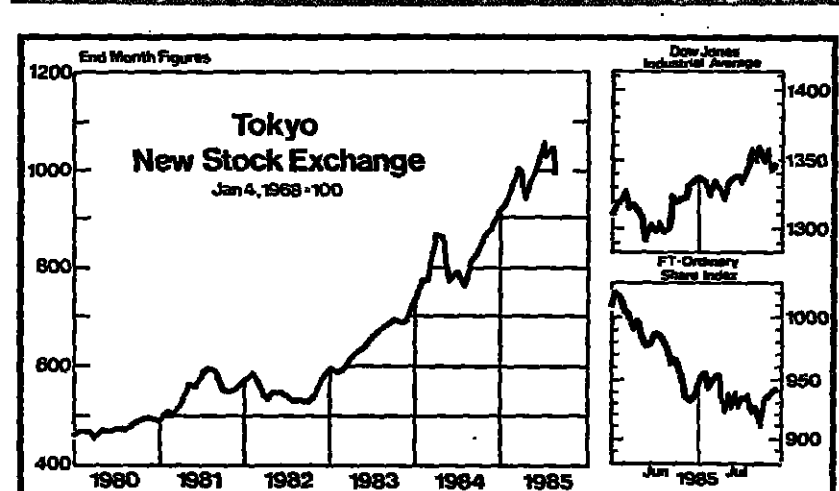
PROFIT-TAKING continued to claw at prices in Singapore but some late buying brought shares up from their lows of the day.

Among active issues, Sigma rose 12 cents to S\$3.20, Federal Cables gained 2 cents to S\$1.05, Sime Darby shed 1 cent to S\$1.92 and Pan-Electric was 4 cents lower at S\$2.16.

Hotels, properties and plantations were generally softer with banks and major industrials narrowly mixed.

Malayan Banking lost 5 cents to S\$5.75, OCBC the same amount to S\$8.55, OUB added 1 cent to S\$2.79 and UOB was unchanged at S\$3.78.

### KEY MARKET MONITORS



### STOCK MARKET INDICES

NEW YORK	July 31	Previous	Year ago
DJ Industrials	1,347.45	1,346.10	1,115.28
DJ Transport	682.88	682.12	473.58
DJ Utilities	157.06	156.75	123.03
S&P Composite	190.92	189.33	150.68

LONDON	July 31	Previous	Year ago
FT Ord	943.1	936.0	785.2
FT-SE 100	1,261.7	1,252.3	1,010.1
FT-A All-shares	606.46	603.46	478.79
FT-A 500	663.69	658.76	516.27
FT Gold mines	330.6	335.9	485.7
FT-A Long gilt	10.19	10.11	11.30

TOKYO	July 31	Previous	Year ago
Nikkei-Dow	12,232.27	12,269.89	9,998.5
Tokyo SE	992.13	1,006.1	763.61

AUSTRALIA	July 31	Previous	Year ago
All Ord.	936.0	933.5	681.6
Metals & Mins.	551.0	552.0	409.6

AUSTRIA	July 31	Previous	Year ago
Credit Aktien	94.28	94.69	53.54

BELGIUM	July 31	Previous	Year ago
Belgian SE	2,317.64	2,325.4	-

CANADA	July 31	Previous	Year ago
Toronto	2,100.30	2,002.82	1,710.00
Composite	2,779.60	2,772.56	2,138.40
Montreal	136.72	136.17	104.53

DENMARK	July 31	Previous	Year ago
SE	n/a	216.25	184.73

FRANCE	July 31	Previous	Year ago
CAC Gen	212.4	213.2	157.2
Ind Tendence	120.7	121.4	84.3

WEST GERMANY	July 31	Previous	Year ago
FAZ-Aktien	461.88	461.88	324.9
Commerzbank	1,351.4	1,355.9	942.3

HONG KONG	July 31	Previous	Year ago
Hang Seng	1,680.52	1,686.24	800.15

ITALY	July 31	Previous	Year ago
Banca Com.	354.16	353.03	207.98

NETHERLANDS	July 31	Previous	Year ago
ANP-CBS Gen	216.7	217.0	148.3
ANP-CBS Ind	184.9	184.4	121.7

NORWAY	July 31	Previous	Year ago
Oslo SE	345.81	345.29	244.94

SINGAPORE	July 31	Previous	Year ago
Straits Times	771.95	773.98	945.80

SOUTH AFRICA	July 31	Previous	Year ago
USE Gold	-	874.9	685.9
USE Industrials	-	860.8	819.4

SPAIN	July 31	Previous	Year ago
Madrid SE	111.98	101.85	96.17

SWEDEN	July 31	Previous	Year ago
J & P	n/a	1,382.79	1,451.66

SWITZERLAND	July 31	Previous	Year ago
Swiss Bank Ind	453.9	457.5	358.6

WORLD	July 31	Previous	Year ago
Capital Int'l	218.2	220.3	167.6

GOLD (per ounce)	July 31	Previous	Year ago
London	\$325.25	\$325.75	-
Zurich	\$325.25	\$324.90	-
Paris (franc)	\$329.71	\$324.44	-
Luxembourg	\$327.50	\$324.00	-
New York (Aug)	\$327.10	\$324.00	-

\* Latest available figure

### CURRENCIES

U.S. DOLLAR	July 31	Previous	July 31	Previous
(London)	-	-	1.4085	1.423
DM	2.8055	2.817	3.955	4.0
Yen	236.65	237.3	333.5	336.75
FFr	8.56	8.57	12.0575	12.175
SwFr	2.288	2.2855	3.245	3.2575
Guilder	3.1525	3.157	4.445	4.4975
Lira	1.878.5	1.892.5	2.669.0	2.683.0
Bfr	56.55	56.85	79.75	80.8
CS	1.3519	1.3509	1.9075	1.9225

INTEREST RATES	July 31	Prev
3-month offered rate	11 1/4%	11 1/4%
SwFr	8%	4%
DM	4 1/4%	4 1/4%
FFr	14 1/2%	11%

FT London Interbank fixing (offered rate)	July 31	Prev
3-month U.S.	8 1/4%	8 1/4%
6-month U.S.	8 1/4%	8%
U.S. Fed Funds	8 1/4%	7 1/4%
U.S. 3-month T-bills	7.90	7.80
U.S. 3-month T-bills	7.25	7.25

INTEREST RATES		
Euro-currencies (3-month offered rate)	July 31	Prev
£	11 <sup>3</sup> / <sub>16</sub>	11 <sup>1</sup> / <sub>16</sub>

Swft	4 3/4	4 3/4
DM	4 13/16	4 13/16
FFr	14 1/2	11 7/8
<b>FT London Interbank fixing</b>		

(offered rate)			
3-month U.S.S	8 1/4	8 1/4	
6-month U.S.S	8 1/4	8 1/4	
U.S. Fed Funds	8 1/4	7 1/4	
U.S. 3-month T-bill	7 3/4	7 3/4	

Diamond Shamrock	July 31	Prev
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